Daily Report

Latin America

FBIS-LAT-92-167
Thursday
27 August 1992

Daily Report
Latin America

FBIS-LAT-92-167 *27 August 1992*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

FRONT PAGE

INTER-AMERICAN AFFAIRS

Argentina's Menem Addresses ALADI Conference *[Buenos Aires Radio]* 2

CARIBBEAN

Cuba

Importance of Nonaligned Summit Emphasized *[Havana Radio]* 4
U.S. Denies Visas to Nuclear Scientists *[Havana TV]* 4

Haiti

Ministers Called to Meeting on Repression *[Port-au-Prince Radio]* 4
Authorities Detain 4 in Les Cayes Investigation *[Port-au-Prince Radio]* 5

MEXICO

Bankers Optimistic on NAFTA Opportunities *[NOTIMEX]* 6
Demonstrators Occupy Plaza, Block Streets *[Mexico City TV]* 6
ROK Opposition Leader Arrives for Visit *[Seoul YONHAP]* 6

CENTRAL AMERICA

Costa Rica

Government Studies 'Occupied' Embassy Situation *[Panama City ACAN]* 7
Attorney Files Appeal in Case of U.S. Captains *[San Jose Radio]* 7
Textile Industry Expresses Concern Over NAFTA *[LA NACION 21 Aug]* 7

El Salvador

Minister Ponce on Honduran Border Issue *[San Salvador TV]* 8
ONUSAL Report on Rights Violations Viewed *[San Salvador Radio]* 11
PDC Opposes Appointment of Police Director *[San Salvador TV]* 11
Radio Director on Station's 'Challenge' *[Mexico City NOTIMEX]* 12

Guatemala

Negotiator Comments on Suspended Peace Talks *[PRENSA LIBRE 25 Aug]* 12
* Menchu Meets With President of Congress *[SIGLO VEINTIUNO 15 Jul]* 13
* Central Bank President on Economic Activity *[PRENSA LIBRE 20 Jul]* 14

Honduras

President Callejas Removes Information Minister *[Mexico City NOTIMEX]* 15
Military Chiefs Discuss Border Issue *[San Salvador TV]* 15

SOUTH AMERICA

Bolivia

Paz Makes 'Sudden' Departure From Uruguay *[Madrid EFE]* 16
Paz Zamora Returns *[La Paz TV]* 16
Acting President Meets Germans, Welcomes Refugees *[La Paz TV]* 17
Armed Forces Commander in Chief Sworn In *[La Paz TV]* 17

Brazil

Congress Debates CPI Report, Votes 26 Aug *[Rio de Janeiro TV]* 17
Minister Talks With Congress on Governability *[Rio de Janeiro TV]* 19
'Solidarity' Seen in Communique *[Rio de Janeiro TV]* 20
Collor Not 'Isolated' *[Rio de Janeiro TV]* 20
Borja on Communique's Purpose *[O GLOBO 26 Aug]* 20
Sao Paulo Governor Favors Impeachment Request *[Rio de Janeiro TV]* 21
Collor, Leaders, Ministers To View Crisis *[Brasilia Radio]* 22
Economic Area Reaction to CPI Work Viewed *[Brasilia Radio]* 22
Economy Minister Endorses Parliamentary System *[Brasilia Radio]* 22
Opposition Seeking 'Fast Solution' to Crisis *[Rio de Janeiro TV]* 23
Medeiros Urges 'Broad Moralization Campaign' *[O ESTADO DE SAO PAULO 22 Aug]* 23
Rio Mayoral Candidates Favor Collor Impeachment *[FOLHA DE SAO PAULO 21 Aug]* 24
Bank Head Deems CPI Report 'Unconstitutional' *[Brasilia Radio]* 24
Former Minister Predicts New Economic Package *[O ESTADO DE SAO PAULO 19 Aug]* 24
Minister on 'Mistake' in Administrative Reform *[FOLHA DE SAO PAULO 19 Aug]* 24

Chile

* Business Executives Evaluate Political Scene *[HOY 13-19 Jul]* 25
* Balance of Power Between PS, PPD Analyzed *[HOY 20-26 Jul]* 27
* Electoral 'Success' of Communist Party Assessed *[HOY 13-19 Jul]* 29
* Chilean-Israeli Aircraft Ventures Described *[QUE PASA 13 Jul]* 30

Colombia

AD/M-19 Members Occupy Costa Rican Embassy *[Santa Fe de Bogota TV]* 31
AD/M-19 Leader Comments *[Santa Fe de Bogota TV]* 32
No Hostages Reported *[San Jose Radio]* 32
Report on Situation *[San Jose Radio]* 32
Government Admits Ties With Paramilitary Groups *[Santa Fe de Bogota TV]* 33
Peace Adviser Addresses Tolima Peace Forum *[Santa Fe de Bogota TV]* 33

Ecuador

Finance Minister on New Economic Measures, Taxes *[Quito Radio]* 33
Labor Minister Comments on Economic Measures *[Quito Radio]* 34

Paraguay

President's EC Visit, Accord Signing Delayed *[ULTIMA HORA 19 Aug]* 34
Diaz de Vivar Campaigns as Presidential Nominee *[NOTICIAS 24 Aug]* 34
Armed Forces Announce Troops, Weapons Deployment *[ABC COLOR 25 Aug]* 34
Peasants 'Pressed' To Join Communist Party *[HOY 25 Aug]* 35

Peru

Country Considers Withdrawing From Andean Group *[Lima TV]* 35
Fujimori on Suspension *[Lima TV]* 35

President on Opposition Parties' Trip, Candidates *[Lima TV]* 36
JNE Says 8 Parties Authorized for Elections *[Lima TV]* 36
Nicaragua's Ortega Cited on Helicopter Sale *[Lima TV]* 37

Venezuela

'Massive' Dismissals Denied, Budget Announced *[Caracas TV]* 37
Minister on Soldiers' Deaths, Austerity Measures *[Caracas TV]* 37
Senate Rejects Impeachment Referendum; Comments *[Caracas TV]* 38
Rebels Want State of Emergency for Indians *[AFP]* 38

Brazil

Rio de Janeiro TV carries live coverage from the Petronio Portela Auditorium at the Congress building on the 38th and final session of Congress, voting on the report by the Congressional Investigating Committee (CPI) which was approved by a 16-5 vote. Those voting "yes" were: Deputy Odacir Klein, Deputy Marcelo Barbieri, Deputy Miro Teixeira, Deputy Jose Dirceu, Deputy Aecio de Borba, Deputy Antonio Carlos Mendes Thame, Senator Pedro Simon, Senator Antonio Mariz, Senator Iram Saraiva, Senator Raimundo Lira, Senator Mario Covas, Senator Valmir Campeolo, Senator Mauricio Correa, Senator Jose Paulo Bisol, Deputy Sergio Brito, and Senator Amir Lando. Those voting "no" were: Deputy Elisio Curvo, Deputy Roberto Jefferson, Deputy Jose Carlos Vasconcellos, Senator Odacir Soares, and Senator Ney Maranhao.

El Salvador, Honduran Border Issue

Defense and Public Security Minister Ponce and other military chiefs met with a Honduran delegation, headed by General Discua, chief of staff, to discuss the disputed border issue. San Salvador TV reports Ponce said the Honduran delegation "made it very clear that there had been no movement of infantry or artillery troops at the border." Gen. Discua and his delegation "were able to confirm" that the Honduran Government and Armed Forces "will respect and accept the ruling issued by the International Court of Justice [ICJ]" and "no armed conflict will take place as a result of the ICJ ruling." The ruling will establish borders "which have not existed in one-third of the area" between the two countries. The two armed forces will have the "constitutional obligation" to defend the sovereignty and security in the territory ceded to each country.

San Salvador TV reports that Discua said the situation on the border is "one of complete calm" and press reports about the presence of Honduran troops in Zazalapa were "ill-intentioned and meant to cause unrest." The "few troops" near the Honduran border are carrying out "well-known, routine missions."

Honduras

Mexico City NOTIMEX reports Olman Serrano, President Callejas' information minister, "was removed from his post" for "participating...in a political rally" for National Party presidential hopeful Roberto Martinez Lozano, currently serving as vice president. Serrano claims he was removed because the official National Party presidential candidate, Osvaldo Ramos Soto, requested the action. Serrano noted that while he was asked to leave his post "for engaging in politics," the same has not occurred with Health Minister Cesar Castellanos, coordinator of Ramos Soto's political campaign. Wilmer Perez Regalado, a local journalist, will replace Serrano as information minister.

Guatemala

PRENSA LIBRE reports Monsignor Rodolfo Quezada Toruno said the talks between the Guatemalan Government and the Guatemalan National Revolutionary Unity [URNG], recently held in Mexico, have "been suspended as no conclusion was reached" on a "commitment to respect human rights within the framework of the internal armed confrontation." No agreement was reached because government representatives insisted a commitment should be unilateral, "while the URNG demanded a bilateral commitment between the two parties."

Peru

Lima TV reports President Fujimori has said, "Peru's decision to suspend its financial obligations to the Andean Group does not mean that Peru will withdraw from the organization." It is only a "temporary measure" and "bilateral and multilateral trade will not be affected." Fujimori said Peru is "especially committed to the Andean Group...our natural ally."

Argentina's Menem Addresses ALADI Conference

PY2608232092 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 26 Aug 92

[Speech by Argentine President Carlos Saul Menem to the Latin American Integration Association, ALADI, in Montevideo on 26 August—recorded]

[Text] Mr. Chairman of the Representatives Committee, Mr. Secretary General, Messrs. Permanent Representatives, ladies and gentlemen;

For the president of the Argentines, it is really an honor to meet the representatives of the countries comprising the ALADI, which is an exemplary forum of regional economic integration. For this reason I feel especially happy for having been invited to address this association which—since it began in 1960 as LAFTA [Latin American Free Trade Association] and from 1980 on as the current ALADI—has worked on a common Latin American identity that certainly existed previously. It is significant to realize that our speeches are based on common elements. We must interpret this fact as a real and certain proof of the existence of this regional identity.

This identity is the result of a shared history, of common ideals and culture, of experience in overcoming similar difficulties, of solidarity, and of the same final objective: to develop with equity to achieve well-being for our peoples. I repeat: to develop with equity to achieve well-being for our peoples. Through this common identity and within the framework of ALADI, we are constructing the path for our economic integration and consolidating several new forms of interdependence. As a matter of fact, at the regional level ALADI is an adequate legal scheme that allows its member countries to reach bilateral and—as has been mentioned here—multilateral integration agreements. In addition to trade agreements, we can also reach agreements in other areas that will improve our regional exchange. One of the main advantages of this association is its great flexibility, which allows the achievement of an ample variety of agreements.

There is no reason, however, to extend these advantages to other GATT member countries. Within the framework of this new type of agreement, Argentina has signed the Asuncion Treaty, which is commonly known as Mercosur [Common Market of the South], with Uruguay, Brazil, and Paraguay. Mercosur is an economic instrument seeking to favor growth through complementary action in the areas of industry, science, technology, and services. This complementary action will result in an increased trade flow within the region, as well as with third markets. These new subregional processes, instead of disintegrating the region as some believe, are the clearest reflex of our countries' imaginative and creative spirit and their effort to obtain, as soon as possible, the political objective of a Latin American common market.

It is certainly up to ALADI to perform this particularly fruitful mission at this moment of great changes at the international level. The trade issues are always of interest and concern to our countries. It has been clearly said here that there are new issues that are the result of a precipitated international evolution. These issues are: services, the environment, culture, technological development, and the informatic sciences. Another important aspect of the ALADI achievements which I must point out is that of cooperation in various areas. This cooperation is very favorable for the development of our countries, and ensures their better introduction into the world. As an example, we can mention here the agreements signed at the La Lenas presidential summit on waterways and the environment, which are a concrete contribution of the association to regional integration.

Finally, through its rules, the ALADI gives us instruments that we must make use of. In our globalizing mission we cannot accept that our association be composed of only 11 countries. We want our integration to fulfill the dreams of our liberating fathers: a united and strong Latin America, fully incorporated into the international community.

We must now make special reference to three forums of singular importance for Latin America: ALADI, the Rio Group, and the Latin American Parliament. They are the bases and the instruments for achieving integration in our region. The integration process is already under way on our common continent, and it basically reveals that Latin America can have a place in the history of the coming century. The Initiative for the Americas is a challenge, and opens new horizons to our countries at the threshold of the 21st Century.

Our political vision of integration is fed by a cultural and social content that will lead to greater well-being for our peoples. A challenge for Latin American integration which cannot be postponed is made easier by two types of circumstances: one economic, and the other political. Perhaps for the first time in its history, Latin America has resumed the democratic path leading to a democratic form of government representing the will of the people. This political event gives absolute legitimacy to our acts, and allows us to assert that the decisions we make will have a lasting effect on our times.

To continue advancing, our democracies must be accompanied by an appropriate economic development and social justice for all. Summarizing, it must be accompanied by the freedom conquered by our peoples. As it has been very well recalled here, General Peron once said: The year 2000 will see us united or conquered. I want to add to this statement the clear and resolute words of one of the greatest figures in Latin America and the world: Simon Bolivar. He used to say: My fatherland is America.

I believe we must bear that in mind while we live through the current process of changes, which is based on the integrative spirit we have been permanently, constantly experiencing in the last few years. Argentina, my country, is committed to building this big fatherland, to the consolidation of a united and sovereign Latin America. Our efforts are aimed at this goal. This has

been our permanent fight over the last few years. This fight seeks to guarantee integration and a harmonious coexistence, and to help us overcome problems that are always present in the lives of the peoples, in their development, and in their growth. This process must be based on organizations such as the ALADI, where dialogues are constantly being held.

Naturally, this is not an exception in the world. It is the rule that prevails in our current world. The integration process was begun a long time ago, but the model we adopted has evidently been experienced and still is being experienced in Europe. This integration began with the steel and coal markets started by Germany and some other countries of the area, particularly by Germany, France, and England. This integration was the platform for a larger integration process that led to the EC, the European Common Market, and all the other forums that gradually allowed tearing down borders within a geographic area much larger than that of the EC and the EEC. This has served as an example to us. We would have been rather stupid if we had not taken into account the experiences lived in these countries, and learned from what is currently being experienced on other continents.

This is why I am happy to be again here, where I can talk with representatives of the 11 Latin American countries that comprise this organization. ALADI can become an example to other countries in the world. ALADI has solved several serious problems in its member countries, and also of other countries in the area. The ALADI example has been accepted by these countries. Therefore our mission—which has been bestowed upon us by our peoples—is to advance in this integration process and to deepen measures to strengthen ALADI. The Latin American Parliament must also contribute to this process, which is being experienced not only in Latin America, but throughout the entire American Continent. It must contribute to the task of consolidating organizations such as ALADI, and to making them useful to our peoples. It must make our peoples see in ALADI one of the fundamental elements to help them advance, grow, develop, and to allow them to implement what John Paul II said: Peace has a name: development.

May we develop, from ALADI, the huge economic potential of our continent. May the Lord bless us. Thank you very much. [applause]

Cuba

Importance of Nonaligned Summit Emphasized

PA2708151292 Havana Radio Havana Cuba in Spanish 0000 GMT 27 Aug 92

[Roberto Morejon commentary]

[Text] The 25 founding countries of the Nonaligned Movement held the First Nonaligned Summit in Belgrade 31 years ago and called for a world free of colonialism and imperialism in all their manifestations.

At the Second Nonaligned Summit meeting, which was held in Cairo in 1964, the movement's members—a total of 47 by then—affirmed that the imperialist forces would not hesitate to use violence to defend their interests and maintain their privileges.

These days it is obvious that powerful countries insist on trying to economically and militarily dominate weaker ones and that violence is still used to facilitate those objectives.

The 10th Nonaligned Movement Summit, which will open on 1 September in Jakarta, the capital of Indonesia, must analyze that situation.

In Cuba's opinion, the forthcoming meeting will be the most important ever because it will be the time to make a big decision: It will be the moment to respond in a united fashion to an attempt by the major powers, headed by the United States, to establish a world order designed to suit their geopolitical interests.

According to Cuban Foreign Minister Ricardo Alarcon, the Caribbean country will call for a common platform at the Jakarta meeting to confront the designs of a unipolar world.

Unity in the movement is most necessary at this point to counteract, among other challenges, the growing utilization of organizations such as the United Nations, especially the UN Security Council, to meddle—militarily, at times—in the domestic affairs of other states.

The Cuban authorities trust that the Southern countries' concerns about the matter outlined here will be expressed at the summit and that consequently a way of confronting the problem will be devised, especially now that the superpower that used to act as a counterweight in the world, the former Soviet Union, has disappeared.

As Alarcon sees it, the only alternative would be for the Nonaligned Movement not to play any kind of role in today's world; or at the very least the functions for which the organization had been designed would inevitably disappear.

U.S. Denies Visas to Nuclear Scientists

FL2708130992 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Aug 92

[Text] Cuban scientists were refused visas by the U.S. State Department to attend an international conference on nuclear energy in the United States. The Cuban experts were invited by the American Nuclear and the Mechanical Engineering Associations, both nongovernmental and based in California.

It was stated during a news conference today that an exchange of both countries' experiences on the development of peaceful uses of nuclear energy was trying to be achieved. Cuba would have presented three reports on its nuclear program which has as one of its aspects the construction of the Juragua nuclear power plant. It was again impossible, however, for U.S. politicians to hear, in the United States, the reality of our nuclear program, much less our progress in the areas of medicine, agriculture, and other economic fields.

Because of the Bush administration's official decision not to allow the participation of Cuban scientists in this international event, it was not possible for Cuban specialists to learn about the experiences of their U.S. colleagues in the various nuclear branches, so important for mankind.

Haiti

Ministers Called to Meeting on Repression

PA2608204292 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 26 Aug 92

[Text] Five senators invited three ministers to the legislature to discuss the major problems the country is currently facing, in particular the lack of security. Our colleague Philippe Bien-Aime was at the legislature and will give us the details.

[Begin Bien-Aime recording] In the presence of three government ministers, Southeast Senator Guy Bauduy denounced the acts of repression being committed by the military and civilians alike against his constituents. Sen. Bauduy asked Justice Minister Moise Senatus, Interior Minister Carl Michel Nicolas, and National Education Minister Max Carre to appoint representatives from their ministries to form a committee to investigate the situation of terror that is prevailing in several cities in Southeast Department. At the request of five senators, the three ministers of the Consensus Government appeared before the senators on 25 August 1992 to answer questions regarding the Justice, Interior, National Defense, and National Education Ministries. In his statement, Sen. Guy Bauduy mentioned the messy situation at the National Education Ministry, especially regarding the southeast part of the country, where a certain number of teachers have been dismissed without valid reason with the complicity of officials at the head office, while Port-au-Prince authorities continue to draw

checks to the order of those dismissed teachers. Sen. Bauduy, who cited many such cases, stated that several of those people were arrested two weeks ago under the pretext that they were partisans of former Haitian President Jean-Bertrand Aristide. In the senator's opinion, the departmental delegate and the justice of the peace in the city are supposedly involved in those actions.

In addition to this situation in Jacmel, Sen. Bauduy mentioned several other actions committed by the military against people in several communes in Southeast Department, including Thiotte, Anse-a-Pitres, Bainet, and Cayes-Jacmel. Consequently, many people have fled the areas. In view of this situation, Sen. Bauduy asked the three ministers to create an inquiry committee made up of honest citizens to punish the culprits and prevent such acts from continuing.

After Sen. Bauduy made his statement, Interior Minister Carl Michel Nicolas told the senators that the Consensus Government will not tolerate any act of repression in the country. The minister said that Haiti is experiencing a serious political, social, and economic crisis and (?stated that) there have been many acts of violence everywhere. Both civilians and military personnel have been victimized, according to Minister Nicolas, who called for the participation of all sectors to prevent such actions from reoccurring. Minister Nicolas agreed with Sen. Bauduy's proposal to create an interministerial inquiry committee on repression in the southeast area of the country. The minister of the interior and national defense believes that only concerted action and mutual understanding can end repression in Haiti.

Justice Minister Moise Senatus said that due to the lack of a law on territorial assemblies, he cannot appoint judges in more than 80 places in the country. Lawyer Senatus explained the implications of that situation for the administration of justice and stated that only with the participation of all concerned institutions will he be able to improve the justice system.

Approximately 20 senators attended yesterday's session at the Senate, where Justice Minister Moise Senatus; Carl Michel Nicolas, interior and national defense minister; and National Education Minister Max Carre were questioned. The session began around 1730 GMT and lasted about six hours. Senators Guy Bauduy, Thomas Eddy Dupiton, Luc Fleurinor, Robert Martinez, and Wesner Emmanuel requested the meeting.

We must point out that several other senators spoke to denounce acts of repression in several other places in the country. The three ministers, who promised to do their best to improve the situation of repression, did not give any formal guarantee concerning those acts and did not promise that those actions will stop affecting partisans of exiled former President Jean-Bertrand Aristide. The three ministers agreed with Sen. Bauduy's proposal to form an inquiry commission. [end recording]

Authorities Detain 4 in Les Cayes Investigation

PA2608194592 Port-au-Prince Radio Metropole in French 1045 GMT 26 Aug 92

[Text] Seven people arrested by local police in the case of Morency-Platon were released in Les Cayes. Authorities held 11 people for questioning, and four of them are still being detained. Duperval Joseph Frank has the following report:

[Begin Duperval recording, in Creole] Seven of the 11 people arrested by soldiers on 22 August in Melonia and Platon were released on 24 August. Captain Jean-Abner Emile, district chief and Les Cayes police chief, stated that the soldiers questioned those 11 persons first so the peasants would not allow terrorists in their homes, and also to enable the Army to conduct an investigation on some unidentified persons who, according to the Army, are leaders of a training camp in Platon. The captain denied reports that the arrested persons were mistreated while they were detained in the Cabion barracks, but he did say that one person was struck by the soldiers for trying to escape. Captain Abner also denied that the individuals were arrested because they are members of peasants organizations. According to the captain, the 1987 Constitution provides for freedom of assembly. Captain Abner said that during the incidents in Morency, a document was discovered indicating that 100 people are being trained to use weapons in a camp in Platon not far from Chantal. Their goal, according to the captain, is to attack the police barracks in Chantal and Quatre Chemins in Les Cayes and to capture the Gabion barracks.

According to Captain Abner, the four people are still in prison pending the results of the investigation. Duperval Joseph Frank for Radio Metropole. [end recording]

Bankers Optimistic on NAFTA Opportunities

PA2608232492 Mexico City NOTIMEX in Spanish 1001 GMT 26 Aug 92

[Excerpts] Acapulco, 26 Aug (NOTIMEX)—The North American Free Trade Agreement (NAFTA), among Mexico, the United States, and Canada, will give the Mexican banking industry the opportunity to compete on an international level, financial experts here have said.

Within the framework of the banking sector's eighth national meeting being held in this port, David Konzevik, National Bank of Mexico adviser, said that this sector will be strengthened with the opportunities derived from the NAFTA negotiations.

Konzevik indicated that the Mexican banking system "has entered into a fundamental process shaped by privatization, the formation of financial groups, and the imminent financial opening" that will represent an important challenge in the coming years to the new bankers. [passage omitted]

Makoto Utsumi, former deputy minister and current adviser to the Japanese finance minister, said that Japan's banking sector applauds the imminent increase in competitiveness of the Mexican banks, as of the NAFTA signing.

Utsumi explained that far from wanting to compete with the Mexican banks, Japanese credit institutions wish to cooperate with them.

In the past, the Japanese banking system appeared reluctant to participate as an economic agent in Mexico's privatization process, given that it did not have permanent representation in that country that would allow it to oversee the activities of the companies for sale, Utsumi added. [passage omitted]

Alfredo Saenz, vice president of the Spanish bank Bilboa-Vizcaya, said the Mexican banking system's association with foreign institutions will be strengthened in light of growing world competition.

Demonstrators Occupy Plaza, Block Streets

PA2608160792 Mexico City XHTV Television Network in Spanish 0200 GMT 26 Aug 92

[Text] Constitution Plaza has for some time now become a provisional settlement for hundreds of persons. The adjacent streets have also been invaded by another group of demonstrators.

Approximately 500 persons who are members of neighborhood assemblies on 25 August set up a camp on 20 November Avenue near the Federal District Department building. During the demonstration, which lasted from 1300 to 1630, protesters demanded credits to build houses.

Traffic on 20 November Avenue from Uruguay Street to Constitution Plaza in Mexico City was disrupted when demonstrators tied tents and plastic covers to trees. The Venuciano Carranza Street was also blocked. There were major traffic jams in the area during peak hours.

Members of the Government Secretariat in the Federal District Department received a commission from the neighborhood assemblies to hear their demands and seek solutions to their problems. When the meeting ended the protesters dismantled the camp they had set up on 20 November Avenue.

Dismissed oil workers and students from Sonora State who have been occupying Constitution Plaza for 25 days remained where they were.

Another group of demonstrators from several neighborhoods in Xochimilco protested in front of the Federal District Department building, demanding solutions for their housing problems.

ROK Opposition Leader Arrives for Visit

SK2708030792 Seoul YONHAP in English 0057 GMT 27 Aug 92

[Text] Mexico City, Aug. 26 (YONHAP)—Chong Chu-yong, leader of South Korea's minor opposition Unification National Party [officially renamed United People's Party], arrived in Mexico City on Wednesday [26 August] afternoon for a four-day visit.

Chong is to pay a courtesy call on President Carlos Salinas on Thursday and discuss areas of mutual concern, including ways to promote economic cooperation following the conclusion of the North American Free Trade Agreement.

Chong is expected to meet a wide range of government officials and business leaders to talk about ways of enhancing bilateral ties and to tour industrial complexes, including a shipyard.

Costa Rica

Government Studies 'Occupied' Embassy Situation

PA2608192092 Panama City ACAN in Spanish 1806 GMT 26 Aug 92

[Text] San Jose, 26 Aug (ACAN-EFE)—The Costa Rican Government is studying the situation of 20 former guerrillas who occupied the Costa Rican Embassy in Santa Fe de Bogota on 26 August, before they make a decision, an official source has reported.

Marta Nunez, spokesperson for the Costa Rican Foreign Ministry, told ACAN-EFE that the diplomatic authorities are maintaining contact with Rodrigo Araya Umana, Costa Rican ambassador to Colombia, to discuss what steps will be taken.

"We are studying the situation to see what measures we are going to adopt," she said.

The source noted that the persons who occupied the embassy at 1100 Colombian time (1500 GMT) are former guerrillas of the demobilized 19 April Movement (M-19), which became a political party two years ago under the name of Democratic Alliance-19 April Movement.

The occupiers of the Costa Rican Embassy in Colombia "claim their lives have been threatened and are requesting asylum," according to Ambassador Araya Umana.

The occupiers, who include women and children, demand, among other things, the release of M-19 leader Marcos Chalitas, who was arrested last May for the illegal possession of weapons.

Araya explained that the former guerrillas entered the embassy building "in a sudden, mad rush, and noted that once they were inside the building they announced in a peaceful manner that they considered themselves political asylum seekers."

Attorney Files Appeal in Case of U.S. Captains

PA2608160592 San Jose Radio Reloj in Spanish 0100 GMT 26 Aug 92

[Text] The attorney for the four U.S. captains being arraigned for alleged piracy have filed an appeal against the ruling handed down by the Puntarenas Second Circuit Court, which ordered the arrest and investigation of the foreign captains. The attorney presented the appeal during U.S. Ambassador Luis Guinot's visit to Puntarenas. The U.S. ambassador said his government was disturbed and dismayed by the order, but he did not rule out the possibility of a positive outcome once the case is heard by the jury. The ambassador said the Costa Rican decree must comply with international conventions. He said the law has been misinterpreted as the decree that was applied to seize the vessels contradicts the 1982 UN Convention on Maritime Law. Guinot said the Costa Rican decree must conform to the provisions of the convention, because Costa Rican law states that all domestic juridical instruments are subordinate to international conventions. The possibility that a Puntarenas court will decide on the fate of the U.S. captains, however, was not ruled out.

Textile Industry Expresses Concern Over NAFTA

PA2708022092 San Jose LA NACION in Spanish 21 Aug 92 p 47a

[Report by Marvin Barquero S.]

[Text] On 20 August, Costa Rican textile industry representatives expressed their concern over the Free Trade Agreement's (NAFTA) adverse effects on the domestic textile industry. NAFTA was signed by the United States, Canada, and Mexico.

The board members of the Textile and Apparel Chamber (Cateco) [Camara Textil y de Confeccion] said they started to feel the negative impact on investments as soon as talk started that the NAFTA could be reached.

Although they did not provide precise information, the textile representatives said that several investment programs, which were in the making when NAFTA was signed, were not continued. They believe the investors probably decided to go to Mexico. The textile officials observed, however, that none of the companies currently in the country have shown signs of wanting to transfer to that country.

NAFTA will give preference to imports of Mexican goods in the U.S. market and the Caribbean Basin Initiative countries' products cannot compete with such an advantage.

Confronted with this situation, Cateco board members have reported they are currently trying to negotiate with U.S. authorities to obtain for Costa Rican goods the same treatment given to Mexican merchandise. Cateco suggested that NAFTA be amended and the suggestion reportedly was well received by the U.S. Government.

The 205 textile firms—229 companies are officially registered—currently operating in Costa Rica pay an average 28,000-colon salary to their employees, which is 16.8 percent higher than the 23,972-colon minimum wage established by law.

Cateco board members reported on 20 August that the sector provided 50,000 direct jobs and had a monthly payroll of 1.4 billion colones in 1991. The textile industry creates 5,700 new jobs every year and has generated 23,000 jobs in the past 10 years.

The textile industry has prospered because of a $350-million investment made by businessmen with capital from several foreign countries such as the United States, Europe, Asia, and from Costa Rica, the Cateco members added.

The industrialists said the textile industry had exported a total of $450 million in goods in 1991 and that $438 million of this amount corresponded to clothing sales to the United States.

Costa Rica exports mainly pants and shorts. The latter reaped $114 million in 1991; lingerie, $60.5 million; brassieres, $59.2 million; shirts, $32.5 million; and sweaters, $32 million.

El Salvador

Minister Ponce on Honduran Border Issue

PA2708035892 San Salvador TCS Television Network in Spanish 1300 GMT 26 Aug 92

[Interview with Defense and Public Security Minister Rene Emilio Ponce on the "Face to Face" program, hosted by Ricardo Echeverria and Gisela Bodewing—live]

[Excerpts] [Ponce] On behalf of the Armed Forces, I want to convey my most sincere congratulations on the occasion of the fifth anniversary of the TCS Noticias newscast.

[Bodewing] Thank you, general. We would like to begin by talking about your meeting with your Honduran counterpart on 25 August. We understand that your trip was caused by reports about the presence of Honduran troops in our country. We would like you to explain the results of the meeting held on 25 August.

[Ponce] We did travel to Honduras on 25 August, the chief of the Armed Forces Joint Chiefs of Staff, the Navy commander, and the Joint Chiefs of Staff chief of intelligence. The visit was held in a fraternal, cordial, and friendly climate. We were able to talk about several topics in a frank and sincere manner. Of course the main issue was the border areas dispute with Honduras. The Hondurans made their position clear. Their delegation was headed by their commander in chief, General Luis Alonso Discua, chief of staff; the Honduran Air Force commander; and the Honduran Navy commander. The Honduran deputy foreign minister was also present.

They made it very clear that there had been no movement of infantry or artillery troops at the border. This gives us much peace of mind. Even though there may have been contradictory reports on this, at least the Honduran president and the top Honduran military authorities have denied them. If Honduran Army troops are present in the disputed areas, such a presence would be a violation of the general peace treaty signed in Lima in 1980, which forbids the presence of military troops in disputed border areas. If such a report is in fact confirmed by the Salvadoran Government, we would file a protest, but given the fact that we are so close to the date the ruling is to be announced, 11 September, how important would such a protest be?

What we were able to confirm—and it was constantly reiterated by the Honduran military authorities—is that the Honduran Government and Armed Forces, just as El Salvador has stated, will respect and accept the ruling issued by the International Court of Justice [ICJ]. In this regard we can guarantee the Salvadoran and Honduran peoples that they should not worry because no armed conflict between El Salvador and Honduras is going to take place as a result of the ICJ ruling.

We also talked about drug trafficking activities. We reached the conclusion that it is necessary to join our police, diplomatic, judicial, military, and political efforts to fight this organized crime that does not respect boundaries, which is why it requires a joint effort.

Another topic we discussed was gunrunning activities. The Hondurans told us about their concerns because they had found some empty underground caches, which had been used by the FMLN [Farabundo Marti National Liberation Front]. The weapons showed signs of having been used in our country recently. This could mean the weapons are being transferred to someplace else in the country or they are being transferred to another country, maybe Honduras or Guatemala. They were also concerned about the gunrunning activities that are still going on from Nicaragua to El Salvador, directly for the FMLN.

It is possible the FMLN could still have the weapons it had purchased for the conflict stored in Nicaragua, and is now transferring them to El Salvador.

Those were the three topics that were covered. I believe it is important to reiterate for the sake of the Salvadoran people's peace of mind that the top Honduran military authorities and the Salvadoran authorities are convinced that conflicts should not be repeated if they can be peacefully resolved, as is the case of the border conflict being handled by the ICJ.

[Bodewing] Without a doubt this agreement reached by the Honduran and Salvadoran military authorities brings peace of mind to Salvadorans. Was anything put in writing or was it just a verbal agreement?

[Echeverria] I would like to add something, general. We have heard reports on overflights by Honduran planes. Other reports denied them. Will you be able to prove what they have effectively told you?

[Ponce] As you know, unfortunately, because—I say unfortunately for our intelligence work—we are held in our barracks [acuartelados] as a result of the peace agreements. Our intelligence system is limited in this regard. But we have received from the Honduran Armed Forces a very serious and responsible commitment to the effect that they are not going to become involved in activities that could endanger relations between our two countries. We trust in the high-ranking Honduran military officers and in the Honduran president. We believe that these sorts of actions, which sometimes garner criticism, will not take place.

[Echeverria] Whenever we have spoken with those who have something to do with the ruling to be issued on 11 September, it is mentioned that El Salvador's position is

fairly good, as far as deeds of possession and testimonial evidence goes, as in the Meanguera case. We have the impression that El Salvador is doing well. When the presidents meet on 11 September, will the representatives of the two armed forces be there to confirm that the armed forces will respect whatever decision is adopted, a decision that may extend the Honduran territory or ours?

[Ponce] Correct. We are going to be there. This will serve to generate a climate of trust between the two nations. There will be a definite ruling on the dispute over 432.5 square km on the mainland and matters having to do with the islands and the Gulf of Fonseca. I think this will benefit the two nations because this centuries-old dispute between the two countries will be resolved definitely .

The ICJ ruling will establish borders, which have not existed in one-third of the area between El Salvador and Honduras.

After the ruling, the two governments and the two armed forces will have the constitutional obligation of defending sovereignty and security in the territory ceded to each country by the ruling.

This is why the meeting to take place on 11 September will be of historic importance. It will mark a historic milestone as far as the El Salvador-Honduras border situation goes.

[Echeverria] Let's hope this will not happen, but what would happen, considering our domestic situation and the troop reduction you have mentioned, if some isolated incident was provoked by some Honduran sector, like an overflight. Could you mobilize troops? Do the agreements allow this?

[Ponce] In such a case we would have to comply with a constitutional mandate: to maintain the territory's integrity and to defend the nation's sovereignty. Let us hope this will not happen. Neither the governments nor the armed forces or the people of El Salvador and Honduras want this. We trust this kind of action will not take place. [passage omitted]

[Bodewing] Regarding the FMLN inventory, you have told the media that it is incomplete. What kind of talks have you held with the UN Observers for El Salvador [ONUSAL] about this?

[Ponce] As you know, as a result of the visit by UN Under Secretary General Goulding, we reached agreements on new deadlines for compliance with agreements on which there have been some implementation delays. It is important for the Salvadoran people to know about this. Some points were established in a document that deals with issues that have to be verified by ONUSAL. The first aspect discussed was the cease-fire. The FMLN committed itself to completing the process that calls for the concentration of its forces by 20 August. We have reports from the security commissions that there have been some mobilization of FMLN forces that were outside the assigned areas. There is a mobilization. It has not been completed, but there has been a mobilization.

There was the FMLN commitment to deliver 20 percent of its arms, the 20 percent that corresponds to the 20 percent of troops that have been demobilized. This is important. The FMLN also committed itself to demobilizing a second contingent of fighters on 21 September.

We hope that this time there will be no excuses and that the demobilization takes place. Regarding your question, 31 October is the deadline for the FMLN's complete demobilization and dismantling of its military apparatus.

With regard to the inventory, they have pledged that on 15 September they will concentrate the weapons, ammunition, and explosives they now have outside the concentration areas, adding them to the two inventories they have presented to the United Nations. This means that we were not mistaken; the inventory was, in fact, incomplete. The same thing happened with the lands, the positions of which they shifted. The second issue we discussed was the [word indistinct] program.

[Echeverria] [Words indistinct] the other part. Perhaps this is what has created confusion. You emphasized that weapons had been discovered in Zaragosa and other areas, and the FMLN has always maintained that these weapons had already been inventoried. Then weapons were found in a neighborhood recently. What is going on? What about the percentage which they established that you mentioned? The weapons you said go from Nicaragua to Honduras and so forth, were they included?

[Ponce] We discussed that the weapons that are outside the concentration zones, the designated zones, are not included in the inventory. The weapons that are in the UN-designated concentration areas are included in the inventory. Everything that is outside those areas would require a title: they are (?more) hidden. All of the weapons that are outside the concentration zones and which, of course, are not included in the inventories presented to ONUSAL, will now be concentrated and the FMLN has pledged to do so as of 15 September. This is important and I want to take this occasion to point it out. This is the information we have from our intelligence sources regarding the FMLN weapons. The trafficking of weapons, the movement of weapons from Nicaragua to El Salvador, has been (?detected) outside the concentration zones; weapons have been found in underground warehouses. This proved that we were right; that some weapons were not registered in the inventory.

[Echeverria] What extra percentage of weapons have they failed to register?

[Ponce] According to our estimates, the FMLN filed an inventory that reflected 40 percent of what they really had.

[Echeverria] Would you continue outlining the issues?

[Ponce] Why, yes. We discussed reintegration problems. The reintegration programs refer to the preparations made by the National Reconstruction Secretariat for

former Armed Forces and FMLN fighters. They are emergency aid programs, medium-term programs, for which a deadline has been established.

The other topic we discussed was the National Civilian Police and the National Public Security Academy. We also discussed the land issue, which is very important; it includes issues referent to the former Armed Forces and FMLN fighters. We discussed the Copaz [National Commission for the Consolidation of Peace] special commission's verification, and the (?42) state properties that are being verified for assignment to former Armed Forces and FMLN fighters. They will verify 115 private properties, so it is important for the civilian population and the owners of the occupied properties to be certain whether or not they want to sell, because they are not obligated to do so. As stated in the agreement, we will respect the proprietors' decision to sell or not to sell. If a property is occupied by FMLN members or supporters, these individuals can be relocated. The proprietor will be able to exercise his right to own property.

They will verify 527 properties presented by the FMLN [words indistinct]. We discussed foreign financing and continued efforts to attain more funds from abroad for these national reconstruction plans. We discussed another very important topic: the restoration of public administration in war zones. It has also been established that at the latest by 15 September 1992 FMLN members must be settled in their places of birth or in municipal [word indistinct] as exiles.

We also discussed the special security system in the war zones and the appointment of a new director for the National Civilian Police, who will define the organization and set it in motion.

Regarding human rights, we heard a very effective report by the Attorney General's Office. The Office of the Attorney for the Defense of Human Rights participated, confirming the verification of certain actions that violated the right to life and other fundamental rights that the Government Ministry and FMLN considered to be politically motivated and a violation of human rights.

[Bodewing] What decision has the Armed Forces made regarding the mined areas that have remained after this conflict?

[Ponce] From the beginning we have expressed willingness to form joint teams to clear the mines as a humanitarian gesture. We want to stress categorically that the Armed Forces has not left any mined fields. We placed mines in strategic spots for solely defensive purposes or to surround military installations. These mines are well marked and defined, which allow us to remove them any time. The problem is the 400 sq km of mined national territory. When we were verifying land properties, the FMLN warned us not to enter two properties because both are mined. The danger of this is that in certain cases the FMLN fighters who planted these mines could well be dead. How can these mines be located when the FMLN does not know their location or have the means to detect them? That is why it caught our attention that initially the FMLN resisted taking part in the work of the OAS Inter-American Defense Board, which did similar work in Nicaragua, to help clear these mines.

To our way of thinking, this is more of a humanitarian task, because we believe that civilians should no longer be victims of these mines. Since 17 January there have been additional mine victims. Recently ONUSAL informed us that the FMLN has now agreed to carry out this work, coordinated by the Inter-American Defense Board. We believe it is of vital importance that this mine clearing be done as soon as possible.

[Echeverria] Before we move onto another topic, we get the impression that when it was said that the agreements were undergoing a crisis, this was not so farfetched after all. It would seem that the FMLN has completely changed its stance.

[Ponce] To give you an example, a crisis could take place if the FMLN, as they have always done, tries to rework the agreements, which have already been approved and signed and are no longer subject to change. This is just what they have been doing. The FMLN takes every opportunity to try and gain the maximum advantage for their members by attempting to renegotiate. This is no longer possible, the agreements have been signed, but these attempts have led to delays in the specific deadlines.

There is no crisis. The FMLN has publicly admitted this. We have had deadline problems. A crisis could take place, for example, if the government, because the FMLN did not deliver the complete arms inventory, says now we are not going to do this or that. Then we would have a crisis. Or if the government comes out and says if you do not demobilize by 31 October, or unless you do this or that, the Armed Forces will not reduce its forces. That would cause a crisis. This has not been the case.

We note something we find very satisfactory, that makes us—the Armed Forces—feel very proud: the last report ONUSAL issued on the agreements shows that the Armed Forces has complied on all issues. The government has suffered delays in implementing some of the programs, but the FMLN has clearly not kept to some of its obligations. For example, the lack of inventory, the failure to concentrate its forces, and the failure to demobilize—all these are examples of the FMLN's noncompliance with the agreements. By not allowing public administrations to operate in some of the conflict areas, the FMLN also violates the agreements in letter and spirit. I believe we have experienced delays in the program. This is what is happening with this new document.

[Echeverria] What was agreed on? Will 20 September be the new date?

[Ponce] No, what will occur on 16 September is that possibly Mr. Marrack Goulding will return, or some high-ranking UN official, to evaluate compliance with this last document. This will then determine what the United Nations does next. [passage omitted]

ONUSAL Report on Rights Violations Viewed

PA2608231192 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 26 Aug 92

["Chronicle" commentary by Raul Beltran Bonilla; all figures as heard]

[Text] Summary executions, the killing of Salvadoran citizens, are a daily occurrence. This situation had been predicted and the United Nations has addressed the problem again. In the past few hours, an attorney was kidnapped in front of his young children near the former U.S. Embassy building. Just minutes later, his kidnappers left his body with two bullet wounds in the city's southern section. Who will investigate this? Will it be added to the long list of crimes?

From May 1991 to July 1992 there have been 16 summary executions, killings, or murders every month in El Salvador. In drawing up this report, the director of the Human Rights Division [of the UN Observers for El Salvador, ONUSAL] took into account the valuable activity of the organizations that defend and promote human rights in El Salvador. He has paid special attention to the reports and analyses by those organizations, according to the fifth report by the UN mission. Since the cease-fire, violations of international humanitarian law have been reduced to a minimum and substantial improvements have been observed in respecting some rights. But various signs of violent conduct have not disappeared. It has been observed that there is undue use of force or firearms, threats of violence, and intimidation. The report also notes the behavior of a significant minority that has yet to join the process leading to lasting social peace.

ONUSAL's current challenge is to contribute to the changes, the consolidation of peace, and the shaping of a culture of reconciliation and human rights.

With regard to summary executions or unlawful deaths, the mission received 1,170 complaints in just 11 months about violations of the right to life and individual safety and security. This constitutes the highest percentage of cases, 25.83 percent. Of these complaints, 167 involved summary executions or arbitrary killing, in other words, 16 deaths a month. After the peace agreement, the greatest number of arbitrary deaths and attacks on individuals were observed in the country's western and central areas. Individuals belonging to the Territorial Service, the infamous Civil Defense Patrols, were frequently blamed for these acts. In the eastern and central areas, most of the attacks were common crimes committed by civilians and, in a worrisome number of cases, by soldiers in active service. ONUSAL found that with great frequency, in the cases of unnatural deaths, the government did not fulfill its duty to provide security. The mission believes that if the government systematically does not fulfill legal norms that demand the prevention, investigation, trial, and punishment of summary or arbitrary executions, this inability to fulfill its commitments means it is responsible in the cases of unnatural death and [words indistinct].

The mission recommends that the National Police be provided with the necessary resources to do its duty. It also recommends that judges use their investigative powers under the law and improve coordination with the National Police in cases of violent or suspicious deaths.

Regarding death threats and kidnappings, between August 1991 and May 1992, the mission received a total of 69 complaints of kidnappings attributed to the Farabundo Marti National Liberation Front. Between August and December 1991, 49 were received, and 20 between January and May 1992. These figures show a decreasing trend in kidnapping complaints. Torture and cruel, inhuman, or denigrating treatment continue.

Judicial reform is requested. Freedom of expression is seriously threatened. There are 20 complaints about freedom of expression. They include a complaint by the mayor of Apopa, who said he is the victim of insults and slander. The ONUSAL report says all these cases involve threats to freedom of expression.

These details show that various groups continue to violate human rights although to a lesser extent since the peace agreement was signed. The important goal now is for these groups to work together to prevent the aberrations that threaten life, a sacred right of all human beings.

PDC Opposes Appointment of Police Director

PA2608205992 San Salvador Canal Doce Television in Spanish 0300 GMT 26 Aug 92

[Statement issued by the Christian Democratic Party deputies; place and date not given]

[Text] The Christian Democratic Party [PDC] deputies oppose the appointment of Jose Maria Monterrey, ARENA [Nationalist Republican Alliance] deputy, as director of the National Civilian Police [PNC] because constitutional Article No. 82 explicitly prohibits it. The article states: Members in active service in the Armed Forces and members of the PNC cannot belong to political parties or hold popularly elected positions.

First, before being sworn in, the ARENA deputy should have publicly resigned from his party. Second, before being sworn in, he should have also resigned as deputy. He did not even bother to ask permission from the Legislative Assembly. Third, Article 5 of the PNC basic law contains the requirement that its director have a university degree. We have reviewed the lists of professionals who are legally recognized in El Salvador in the fields of business administration, economic sciences, and even engineering, and we have not found Mr. Jose Maria Monterrey. Fourth, in official statements, the Salvadoran deputy foreign minister has said that, in keeping with an OAS resolution, this government maintains a boycott against Cuba. Where did Mr. Monterrey

go to celebrate his appointment? He went to Cuba, the island of communist dictator Fidel Castro.

As you can see, this is not a personal or party problem. Moreover, at Copaz [National Commission for the Consolidation of Peace] we did not oppose President Cristiani's appointment of ARENA member Dr. Benjamin Cestoni, but the PDC members cannot permit a government violation of the Constitution and the laws it swore to fulfill, no matter how much it has negotiated with the Farabundo Marti National Liberation Front. In addition, how can we entrust the security of our families and the enforcement of the law to a person who violates the Constitution and the police law on the same day he is sworn in?

Radio Director on Station's 'Challenge'

PA2608212192 Mexico City NOTIMEX in Spanish 2219 GMT 25 Aug 92

[Text] Oaxtepec, 25 Aug (NOTIMEX) Radio Venceremos Director Carlos Henriquez Consalvi said here on 25 August that the station has the challenge of responding to the historic moment El Salvador is currently facing following a war that lasted almost 12 years.

He said the station is a source of information that can be used as a reference point for understanding the history of that Central American country because it reported from the battlefields the revolutionary actions that during the past 12 years transformed Salvadorans lives.

Consalvi, born in Venezuela and one of the station's founders, said the danger it must now confront is keeping up with changes, not dealing with bombings of battalions searching for the station.

"If we fail, this instrument in the social process will not be able to fulfill its mission," he stressed.

Within the framework of the Fifth Assembly of the International Association of Community Radio [Asociacion Mundial de Radios] currently taking place in Oaxtepec, Morelos State, Consalvi said Radio Venceremos has been transformed from a one-hour transmission guerrilla station to a legal radio station with 18 hours of programming.

The successful transfer of equipment from guerrilla territory to San Salvador "was not a gift from the government or the Armed Forces; it was made possible by thousands of deaths—70,000 Salvadoran lives lost during the conflict—in addition to the high social cost," he noted.

Consalvi said that during the revolutionary process the station played an important role by protesting the existing conditions while struggling to maintain its credibility.

He added: "Even today we receive threatening telephone calls from sectors that do not believe in freedom of expression. We are being spied upon, but we believe the peace agreements (signed in Mexico in January of this year) must be complied with in aspects concerning the media."

He stressed that the revolutionary process transformed radio journalism because in the past stations only transmitted music and no news for fear of being bombed.

In 1981 a process of censorship was implemented and all newscasts were banned during most of the war, while the state maintained strict control over the media.

He added that two guerrilla stations emerged—Radio Venceremos and Radio Farabundo Marti—which transmitted from the line of fire and became a unique source of information for the international press to report on the Salvadoran conflict.

"It is difficult to talk about a transformation because a culture of terror was instituted in El Salvador, and those who listened to Radio Venceremos risked their lives. Today there is a remnant of collective fear among the people, created by repression and genocide." he stressed.

Consalvi said he does not "believe there is total freedom." The station wants to be at the service of civilian society. [quotation marks as received]

Guatemala

Negotiator Comments on Suspended Peace Talks

PA2608223592 Guatemala City PRENSA LIBRE in Spanish 25 Aug 92 P 3

[Text] Upon returning to Guatemala, conciliator Monsignor Rodolfo Quezada Toruno said on 24 August that the meeting between representatives of the Guatemalan Government and the Guatemalan National Revolutionary Unity [URNG] being held in Mexico has been suspended as no conclusion was reached on a point concerning a commitment to respect human rights within the framework of the internal armed confrontation. That was why the two parties did not reach an overall agreement on the human rights issue during the most recent meeting held in Mexico from 22 to 24 August.

He added that the parties agreed on the need to eliminate the suffering of civilians within the framework of the internal armed confrontation and to respect the human rights of wounded prisoners and persons who are no longer fit for combat.

Quezada Toruno explained there was no agreement on the form of the commitment because the government representatives insisted that it should be unilateral, while the URNG demanded a bilateral commitment between the two parties. It was impossible to reach an agreement on what is being called "the humanitarian rights of war."

By the same token, there was no consensus on several past aspects of the commission, he added. Although it is true that the government and the URNG agree on the need for the commission, they disagreed on when it should begin to operate and on who its members should be.

The government delegation insists the commission should begin to operate after a treaty guaranteeing firm and lasting peace is signed. The URNG, in turn, wants the commission to begin operating as soon as the overall human rights agreement is signed. That is what led to the suspension of the meeting.

We are going to allow a sensible term of 15 days to go by so each delegation will evaluate the results of the meeting, thus allowing the conciliator to find somehow a viable and equitable solution to confront these difficulties, Msgr. Quezada Toruno said.

Msgr. Quezada Toruno said observer Jean Arnault, a personal representative of the UN secretary general, also participated in the meeting.

The following persons participated in the meeting: for the National Reconciliation Commission (CNR), Msgr. Rodolfo Quezada Toruno, the conciliator; Tere Bolanos de Zarco and Mario Permuth, notable citizens; and Victor Hugo Godoy, representing the political parties.

According to a CERIGUA report from Mexico, the URNG General Command announced that the Guatemalan Government and Army were against reaching a joint agreement on international humanitarian rights for the protection of prisoners, wounded persons, and noncombatant civilians, thereby precluding an overall agreement on human rights.

Commander Pablo Monsanto, who led the rebel delegation, emphasized that the agreement refers to respecting the human rights of guerrillas and soldiers wounded in combat, prisoners of war, and of noncombatant civilians who are in conflict areas.

Meanwhile, Commander Rolando Moran said an agreement involves both parties and constitutes a explicit commitment, while a unilateral declaration would be subject to evasions.

He added that a joint agreement on this topic "is valid in a juridical, political, and moral way, and above all it constitutes a guarantee not only for the process, but also for the hopes and expectations of the people."

For its part, the government commission gave Msgr. Rodolfo Quezada Toruno a document in which it calls on the URNG to move forward in the process of negotiations.

In the note, the commission voices its concern over the stubborn attitude of the URNG to try to modify the points of agreement that had been previously reached on September 1991 after profound, intense, and prolonged negotiations.

The commission reiterated to the conciliator what had been agreed on in January 1992 regarding matters of the commission on the past, and also what was agreed on in August 1991 regarding the protection of the civilian population and of prisoners and persons wounded during the armed confrontation up to the signing of the final peace agreement. The URNG has tried to bring these issues up again apparently to delay the process.

In light of the delay, the government delegation has approached the conciliator to request his mediation in asking the URNG to set aside its intention to rashly add new elements to the agreed upon text. Elements that will contribute more to the war than to the people achieving an end to the armed internal confrontation and the attainment of peace.

There is no room for the URNG to demand the immediate implementation of commitments that, without laying down weapons, will evidently entail political and military advantages in its favor. This also contradicts the procedural agreements in the negotiations that refers to the implementation of all commitments the moment the final peace agreement is signed.

Finally, the commission ratifies the willingness of President Serrano's government to continue with the negotiations. As you well know, says the note signed by commission coordinator Manuel Conde Orellana, the government showed its flexibility on 11 May 1992 when it accepted a proposal on the pending points of the human rights issue.

* Menchu Meets With President of Congress

92CA0196B Guatemala City SIGLO VEINTIUNO in Spanish 15 Jul 92 p 4

[Text] The indigenous peoples of Guatemala need their own legal institutions to achieve full independence and self-expression, indigenous leader Rigoberta Menchu said on 14 July during talks at the Legislative Palace with the president of the Congress, Edmond Mulet, and the Indigenous Communities Committee.

The Nobel Peace Prize candidate described to the deputies the challenges they face as lawmakers to guarantee true representation and self-expression to the indigenous peoples. She also made clear her disagreement with an article of the Constitution that establishes the protection of indigenous communities as an obligation of the state.

According to Rigoberta Menchu, this constitutional article is racist, exclusionary, and discriminatory because birds, parks, and wildlife are protected, but not human beings. She said that human beings must be respected, and their rights and freedoms must be guaranteed.

The indigenous leader's conversation was aimed at increasing the deputies' awareness of the need to provide the indigenous peoples with their own institutions to enable them to debate and discuss, as well as to formulate programs in the fields of health, education, development, languages, and culture for each region. She also stated her hope that someday Congress would be integrated, made up of men and women, of indigenous people and Ladinos, and that there would be complete participation and representation.

The president of the Congress welcomed Rigoberta Menchu and declared that the legislature was honored by her presence. He admitted that this session of Congress had less indigenous representation than its predecessor. Nonetheless, Edmond Mulet said, the composition of the next Congress, in 1995, and the constitutional reform that would provide for a new National Constitutional Assembly would facilitate greater representation of the indigenous population.

Deputy Mulet said that Congress is not lagging behind on matters affecting the indigenous population because the committee responsible for these matters, with advice from the United Nations, is preparing a draft law on indigenous communities that could be presented to the full Congress before the end of 1992.

Edmond Mulet called Menchu's visit to Congress a historic event, and he accompanied her on a tour of the congressional chamber. Afterward, they went to the Hall of Indigenous Communities, where an exchange of views took place. During the meeting, deputies delcared their unconditional support for Menchu's candidacy for the 1992 Nobel Peace Prize.

Deputies Jesus Ayerdi and Anaisabel Prera, presidents, respectively, of the Committee on Social Reform and the Committee on Culture, also expressed their recognition of Menchu's work. Deputy Prera said that the commemoration of the 500th anniversary of the discovery of America should be the beginning of a new meeting between Guatemalans and should create the conditions for the indigenous peoples to be able to control their own development.

Menchu stressed that she had not come to Guatemala to set an example but to engage in an exchange of ideas to see what could be done because in December 1992 the United Nations will proclaim the beginning of the International Year of Indigenous Peoples. She called for the avoidance of celebrations with dances, typical costumes, or marimbas.

She said that the International Year of Indigenous Peoples will create the conditions to encourage the self-expression of ethnic nations, reject divisiveness, and begin to define our destiny in the 21st century.

"I will come back because I never had a chance to unpack my suitcase," Menchu declared at the conclusion of her meeting with the deputies. The visit ended with a glass of champagne.

Today, Congress plans to discuss a resolution of support for Menchu's candidacy for the 1992 Nobel Peace Prize, by agreement of deputies from the UCN [National Union of the Center] and the DC [Guatemalan Christian Democracy], the Committee on Indigenous Communities, and other congressional groups.

* Central Bank President on Economic Activity

92CA0196A Guatemala City PRENSA LIBRE in Spanish 20 Jul 92 p 24

[Text] The inflation rate will not grow by more than 10 percent in 1992 if the monetary and fiscal discipline of recent months continues to be enforced. This would enable the production of goods and services to reach an annual growth rate of 4 or 5 percent by the end of 1992.

The president of the Bank of Guatemala, lawyer Federico Linares, expressed this view during a lecture on "The Reality of Our Economy," which he gave at the headquarters of the Guatemalan Managers Association (AGG).

Linares said that several short-term indicators support his view, among them, a considerable increase in the use of electricity and cement and a rise in commercial-sector sales, compared with the first six months of 1991.

He also explained that the goal of the Monetary Board is to prevent inflation from rising above 8 percent, although he allowed that it could reach 10 percent. Nevertheless, the combined rate of inflation for 1991 and 1992 is estimated to be 18 percent.

Speaking about the effects of fiscal and monetary discipline, Linares said that the monetary mass has decreased by 9.6 percent and savings have increased by 8.9 percent. This is why, for the first time, during 1991 and 1992 the Finance Ministry has been able to count on a balanced budget, which has been managed well.

So much so, Linares noted, that there was a surplus of 279 million quetzales, which can be used for payments on the public debt and for the salary increases being negotiated with government employees.

Referring to the effect of the value-added tax] on the prices of products in general, Linares said that if prices increase by more than 7 percent, it will be due to speculation, which is always with us, but it was not expected that the tax reform would have an inflationary effect.

Linares said that what has happened is that some products, such as beans, increase in price coincidentally during this period because they are in short supply and there is demand pressure, but prices will tend to drop when the crops reach the market.

The president of the Central Bank said that Guatemala's commercial balance is in a deficit because exports have increased by 10 percent while imports have grown by 30 percent.

Commenting on recent fluctuations in the exchange rate, Linares said that since January 1992 the Monetary Board has established easily understandable, stable, and positive rules of the game. In January, the quetzal was at 5.04 to the dollar, and in February it reached 5.16. In March it dropped to 4.94, and it is now at 5.09, which is not at all extraordinary or worrisome. The rate of exchange remains within predicted parameters.

In January, it was believed that the exchange rate might even reach 5.24 quetzales to the dollar, but, as matters are, we are not likely to reach that extreme. At the same time, the parallel or "black" market has maintained a rate similar to the official rate since August 1991.

Linares admitted that the monetary reserves had declined since February 1992, but this was due to payments on the foreign debt, which had been somewhat overdone. In the future, such payments will be made more gradually and slowly.

Linares said that in the next few months he expects to reach agreements with the IMF and IDB "that will allow Guatemala to enter the World Bank." Nevertheless, there is nothing in the IMF's recommendations that would affect the present foreign exchange policy of the Central Bank.

Commenting on the lack of liquidity in the banking system in recent weeks, Linares told the AGG that "this is due to new bond issues bonds by the Bank of Guatemala".

Honduras

President Callejas Removes Information Minister

PA2608185492 Mexico City NOTIMEX in Spanish 1726 GMT 26 Aug 92

[Text] Tegucigalpa, 26 Aug (NOTIMEX)—Olman Serrano, information minister in President Callejas' cabinet, was removed from his post on 26 August for participating one week ago in a political rally for the ruling National Party presidential hopeful.

Serrano said he was removed because of a request made to President Callejas by Osvaldo Ramos Soto, ruling party candidate to the presidency.

"I am concerned that Ramos Soto, who is only a presidential candidate, has launched a manhunt of newsmen and colleagues should be concerned, because when he gets to be president, he will purge anyone who does not share his opinion," the former minister stated.

Serrano criticized the fact that while he was removed from his post for engaging in politics one week ago, the same has not occurred with Health Minister Cesar Castellanos, who is the coodinator of Ramos Soto's political campaign.

Serrano said at a political rally on 22 August that Ramos Soto is a candidate imposed on the majority of National Party members.

The former minister had been participating for over one week in the movement of Roberto Martinez Lozano, current vice president, who aspires to the presidency for the ruling National Party.

Ramos Soto is the official candidate of the National Party for the 1993 general elections. He was rector of the Autonomous National University of Honduras in the eighties and human rights groups link him to the country's ultraright sectors.

The government house announced that Wilmer Perez Regalado, well-known local journalist, will replace Olman Serrano as information minister.

Military Chiefs Discuss Border Issue

PA2608160692 San Salvador Canal Doce Television in Spanish 0300 GMT 26 Aug 92

[Text] Salvadoran and Honduran military chiefs on 25 August analyzed expectations with regard to the International Court of Justice [ICJ] decision to be announced on 11 September on the border dispute between their two countries. The military chiefs also discussed the struggle against illegal arms and drug trafficking.

The meeting was held behind closed doors at the Honduran base of Palmerola, in Tegucigalpa, and was headed by Generals Rene Emilio Ponce, defense and public security minister of El Salvador, and Luis Alonso Discua, Honduran Armed Forces commander in chief.

With regard to the presence of Honduran soldiers on Salvadoran territory, Discua said the current situation on the border is one of complete calm and that the press reports about the presence of Honduran troops in the Zazalapa area was ill-intentioned and meant to cause unrest.

Discua also denied that Honduras has reinforced its military presence along the border with El Salvador and stated that the few troops near the Honduran border are carrying out well-known, routine missions.

Bolivia

Paz Makes 'Sudden' Departure From Uruguay

PY2608202992 Madrid EFE in Spanish 1834 GMT 26 Aug 92

[Text] La Paz, 26 Aug (EFE)—Nearly 20 hours after his sudden departure from Montevideo, the whereabouts of Bolivian President Jaime Paz Zamora are not known, even when government sources believe that he will arrive in Tarija or La Paz today, coming from Buenos Aires.

The information obtained by EFE in the control towers of the airports of La Paz and Tarija coincided with the fact that they did not know the flight plan of the presidential plane, whose route could be Buenos Aires, Cordoba-La Paz, or Cordoba-Tarija.

The political upheaval that began to be generated last night in the legislative branch today turned into a trend to request from the executive branch an official report about the exact reasons that led Paz Zamora to depart hurriedly from Uruguay. President Paz Zamora even interrupted his agenda, and separated from part of his retinue.

Since 23 August the Bolivian president, 51, had been paying an official 3-day visit to his Uruguayan colleague Luis Alberto Lacalle, which should have ended today according to the agenda released by Government House in La Paz last week.

Uruguayan Foreign Minister Hector Gros Espiell attributed Paz Zamora's departure to family problems, while other reports attributed it to government problems—a version that was denied by the president as he left Montevideo.

Bolivian Information Minister Jaime Cespedes said that "nothing unusual happened" during Paz' departure, which took place when "the president's official agenda concluded," although Paz did not attend a dinner given by Lacalle in his honor and in honor of Argentine President Carlos Menem.

The newspaper HOY of La Paz states that President Paz' sudden departure was owed to "alleged disagreements between Paz and Lacalle regarding Bolivia's admission to Mercosur [Common Market of the South]."

The speech delivered by Paz Zamora before the committee of representatives of the Latin American Integration Association (ALADI) was critical of the Mercosur treaty because it prevents Bolivia from joining this organization unless is leaves the Andean Pact.

Regarding some Mercosur clauses restricting the number of countries, Paz Zamora said that "they lack vision" in the face of the 21st century.

The daily LA RAZON reported that "it was known that the president made a technical stopover in Buenos Aires, to pick up his mother and on his way back leave her in Tarija," where Paz Zamora has a ranch where he usually spends weekends.

Deputy Guillermo Richter of the Nationalist Revolutionary Movement (MNR) said: "If he picked up his mother for humane or urgent reasons it is understandable, but if the stopover is not justified it may create legal complications with the Constitution."

German Gutierrez, chief of the United Left congressional bloc, said that the important thing is to find out the reasons why the Bolivian president decided to end before schedule his visit to Uruguay. He said: "It is necessary that the legislative branch find out the reasons, and this is the information we will request from the Foreign Ministry."

Deputy Alfonso Alem of the Free Bolivia Movement (MBL) said: "He was not authorized to go to another country. Going to another country means violating the Constitution ... and an abuse." He added that Paz Zamora requested that several deputies accompany him.

Government sources told EFE that Foreign Relations Under Secretary Manfredo Kempff and some businessmen who make up the official delegation stayed in Montevideo, whence they planned to leave for Buenos Aires to take a commercial flight to La Paz tomorrow.

Paz Zamora Returns

PY2708024992 La Paz Television Nacional Network in Spanish 0030 GMT 27 Aug 92

[Excerpt] Today at approximately 1700, constitutional President Jaime Paz Zamora arrived at the international airport in Tarija from Montevideo, Uruguay.

Shortly after being welcomed by the main departmental authorities, President Paz Zamora met with representatives of the local media.

[Begin Paz Zamora recording] As you know, I visited Uruguay in response to an invitation by President Luis Alberto Lacalle, who also visited Bolivia at our invitation. Beyond this, however, my visit falls within the framework of Bolivia's interest in being, on one hand, in all [words indistinct] Atlantic through the river waterway, as well as the need to participate, in various ways, in the activities of the Common Market of the South. [end recording]

Within the framework of the aggressive international policy of President Paz Zamora's government, Bolivia has signed agreements representing an important outlet to the Atlantic through the Parana, Paraguay, and Uruguay Rivers waterway. This agreement gives Bolivia a concrete outlet allowing the use of two warehouses, one in Montevideo and another in Nueva Palmira. [passage omitted]

Acting President Meets Germans, Welcomes Refugees

PY2608222492 La Paz Television Boliviana Network in Spanish 1700 26 Aug 92

[Excerpts] (Otto Hausen), who is heading a delegation of German lawmakers, has met with acting President Luis Ossio Sanjines to convey to him a request from refugees from Germany and Yugoslavia who are escaping from the civil war. Ossio Sanjines said that there is a predisposition to welcome the refugees, and that the request will be duly analyzed. [passage omitted]

Ossio Sanjines told the visitor that there is good predisposition to grant the request, considering that the German delegation might help the refugees settle in Bolivia, and might also cooperate with our country.

[Begin Ossio recording] I told the German lawmakers' delegation that the possibility of sheltering Yugoslavian refugees, children, and professionals will be welcomed. We should consider that Yugoslavian residents in Bolivia—whose nation is now being ravaged by civil war—have shown that they have identified themselves with our country. They are constructive people who work and who have adopted Bolivian traditions. Sheltering them—both refugees and German immigrants who want to work and produce—would give us a very good chance, taking into account the excellent opportunities in Bolivia. We also want to invite investors to create jobs here. I said that our problem is the lack of jobs, and that there is unemployment and poverty. The creation of jobs and the transfer of technology from nations who are used to working can resolve this situation. [end recording]

Armed Forces Commander in Chief Sworn In

PY2708145092 La Paz Television Boliviana Network in Spanish 0030 GMT 27 Aug 92

[Summary] General Oscar Vargas Lorenzetti was sworn in today as new commander in chief of the Armed Forces. The ceremony took place at the Miraflores Armed Forces' headquarters.

Brazil

Congress Debates CPI Report, Votes 26 Aug

PY2608150592

[Editorial Report] Rio de Janeiro Rede Globo Television in Portuguese at 1330 GMT on 25 August begins live coverage from the Petronio Portela Auditorium at the Congress building on the 38th and final session of Congress, voting on the report by the Congressional Investigating Committee (CPI) investigating the business activities of P. C. Farias.

At 1338 GMT correspondent Alexandre Garcia reports that the final vote will be 16 to 5 against the government and in favor of the CPI report. At 1340 GMT reporter Carlos Braga reports from a demonstration against impunity held outside of the Congress building by a citizens' group. Braga also notes that opposition party leaders will deliver speeches.

At 1346 GMT Labor Party (PTB) Deputy from the Federal District Walmir Campelo notes he will vote in favor of the report. At 1354 GMT Goias Senator Iram Saraiva speaks, saying that "these are traumatic but also purifying times." He notes that he is voting for the report.

At 1359 GMT Raimundo Lira, Liberal Front Party (PFL) deputy from Paraiba, explains why he changed from favoring the government to voting for the report. He says the CPI "must investigate and provide evidence, and if necessary, supply facts to the attorney general." He notes, however, that he opposes the inclusion of President Collor's name.

At 1412 GMT, Deputy Aecio de Borba, Social Democratic Party (PDS) representative from Ceara, speaks. Correspondent Alexandre Garcia says de Borba will vote for the CPI report, but will call for the inclusion of other people in the investigation.

At 1421 GMT, Deputy Odacir Soares says that he is in favor of the government and against the report. He makes no other comments other than to say he explained his position yesterday to the CPI.

At 1421 GMT, Deputy Jose Carlos Vasconcellos, leader of the National Reconstruction Party (PRN) in Pernambuco, says the Collor administration still has a major role to play. I uphold punishment of those who committed crimes, he says, but the CPI became a political inquisition. He says he is voting against the CPI report because it contains only half-truths.

At 1430 GMT, Elisio Curvo, PRN deputy from Mato Grosso do Sul, says the CPI should investigate the origin of PC Farias' personal fortune and identify those who paid him, and afterward investigate the reasons for these payments. "In it's deliberate effort to involve President Collor, it violated constitutional rights," he says, adding that he is voting against the report.

At 1444 GMT correspondent Alexandre Garcia says deputies will continue to explain their positions on the report.

At 1445 GMT PRN leader in the Senate, Ney Maranhao, says he will vote against the CPI report because of its illegality and partiality, as well as its attempts to judge the president. Maranhao says the CPI is not competent to judge Collor and adopted an attitude of a political inquisition.

At 1447 GMT, correspondent Alexandre Garcia says that the vote is not regarding impeachment; it is voting only on the CPI report, which then must submit the vote to Congress.

At 1443 GMT an unidentified legislator begins to speak. Garcia drowns out most of what the legislator says by talking about the on-going procedure.

At 1449 GMT an unidentified CPI member announces that the first part of the session is closed. Correspondent Garcia explains that the session will now consist of arguments for and against the report. A formal vote on the report will be held afterward.

At 1456 GMT Democratic Movement Party (PMDB) Senator Amir Lando responds to unidentified legislators comments regarding VASP (Sao Paulo Airline). Correspondent Garcia's comments drown out Lando's remarks.

At 1504 GMT, Social Democracy Party (PSDB) Deputy Mendes Thame of Sao Paulo begins to speak, saying he is responding to those who questioned Lando's report. He notes that President Collor was included in the CPI report as a result of the investigation of PC Farias' activities, because Farias could not have acted without the "president's tacit or express approval." He says he is voting in favor of the CPI report.

At 1513 GMT, PTB Deputy Roberto Jefferson alleges that the CPI never intended to investigate PC Farias, but rather Collor himself. Jefferson notes that two years ago, Collor said that no one speaks for him; therefore, Farias could not have acted on behalf of Collor. He concludes that he will vote against the report.

At 1535 GMT PDS Deputy Marcelo Barbieri, party affiliation not given, begins to speak. He praises the work of various deputies involved in monitoring the work of the CPI, and says he will vote in favor of the report.

At 1545 GMT Workers Party (PT) Deputy Jose Dirceu says the work of the CPI would have been impossible in other than a democratic system. He says the president is not above the law, and notes that he will vote in favor of the report.

At 1556 GMT, PMDB Deputy Odacir Klein says nothing discussed during the investigation is missing from the report. He says he will support the report.

At 1604 GMT PMBS Senator Antonio Mariz says the CPI conducted a thorough investigation of the affair. He says the people of Brazil now must tell Congress to authorize the impeachment process.

At 1608 GMT PDT Deputy Miro Teixeira notes that government officials have criticized the CPI's investigatory procedure, not the evidence presented. He says he will support the report.

At 1622 GMT correspondent Garcia reports that Teixeira was the last speaker for the opposition stand.

At 1623 GMT PFL Senator Odacir Soares begins to speak. He says he and the entire country were deceived by the CPI. He said there was no intention of investigating PC Farias, but rather the aim was to oust Collor. He alleges that former Cabinet members during the Sarney administration are behind the investigation. Soares believes the government has enough support to fight any impeachment call.

At 1641 GMT PT Deputy Eduardo Suplicy says the report reveals that Collor wanted to protect his aides and friends, mainly PC Farias. He calls on the CPI to continue to investigate PC Farias and praises the committee for upholding Brazilian institutions. He says he will support the CPI report.

At 1656 GMT, PMDB bloc leader Senator Humerto Llucena. He says that Amir Lando was just doing his job. This is the beginning of a process of moral cleansing of the government, he adds.

At 1708 GMT, PSDB President Jose Serra says the CPI did not investigate the president, but his name appeared in the report because he was found to have received illegal benefit from acts of corruption within the government. He says the only defense offered by the government was the Uruguay affair, which in other countries would be cause for impeachment. Serra says the PSDB will support the report.

At 1715 GMT PT leader in the Chamber of Deputies Eduardo Jorge says the CPI is part of a democratic process, and as such the president and all others accused of crimes will be given the chance to defend themselves. He says future governments will benefit from this situation.

At 1721 GMT Socialist People's Party (PPS) Deputy Roberto Freire says this is one of the saddest and most somber times in the history of the country. It would be naive to say that all of this corruption could exist in government if the president did not allow it, he says, adding that he will support the report.

At 1727 GMT the Brazilian Socialist Party (PSB) leader in the Chamber of Deputies Celsio de Castro says his party supports the report and that the president deceived the people.

At 1732 GMT an unidentified member of the Communist Party of Brazil (PCdoB) says his party had supported an all-out investigation of government activities from the very beginning. The PCdoB also salutes the street demonstrators.

At 1737 GMT PDT leader (Pedrozo) begins to speak but his words are drowned out by correspondent Garcia who says speakers are allowed just five minutes each to speak.

At 1742 GMT PSDB Senator Fernando Enrique Cardoso says what is at stake is Congress' ability to follow an independent path to control government activities. He also urges President Collor to help the government and resign.

At 1748 GMT PFL Senator Elcio Alvares says he is speaking for many PFL followers but not in the name of

the party. The party must meet to discuss its position, he says, adding that they must defend truth and the Brazilian people.

At 1754 GMT PMDB leader Genebaldo Correa says his party recommends impeachment, adding that the nation will not forgive Congress if it does not take action.

At 1801 GMT PSB leader Jose Paulo Bisol says he wants those who are responsible for crimes to pay; no average intelligent mind can accept the foolish excuse of the Uruguayan loan.

At 1810 GMT PST leader Pedro Valadares asks legislators to vote according to their conscience.

At 1814 GMT government leader in Congress Humberto Souto says many of the conclusions of the CPI report were proposed by the government. Most of the data unveiled in the report were made available thanks to bills sponsored by the president. Souto says a president who sends bills to Congress on fighting corruption is not a president who will be involved in corruption. Souto also notes that Collor has many enemies because he fought monopolies. The CPI was used by the opposition to improve their popularity, he says.

At 1832 GMT CPI Vice President Mauricio Correa says it is essential for the Attorney General's Office to investigate and change many things. There should be as many investigations as are necessary. He appealed to the judicial and legislative branches to fulfill their duty.

At 1849 GMT, Senator Amir Lando denies that he invented facts in the CPI report. This nightmare is real, he says, I cannot make facts disappear. Let the nation judge, he concludes.

At 1855 GMT, CPI Chairman Senator Gama reads a brief closing speech, thanking everyone who cooperated with the investigation and adding that he hoped the report would help in the campaign for morality.

At 1902 GMT, Gama reads the name of each member and asks for a vote. Each member votes yes for approval or no for rejection of the report:

1. Deputy Odacir Klein, Brazilian Democratic Movement Party-Rio Grande do Sul State, PMDB, votes yes.
2. Deputy Marcelo Barbieri, PMDB-Sao Paulo, votes yes.
3. Deputy Elisio Curvo, government bloc-Mato Grosso do Sul State, votes no.
4. Deputy Roberto Jefferson, Democratic Labor Party-Rio de Janeiro State, PTB, votes no.
5. Deputy Jose Carlos Vasconcellos, government bloc-Pernambuco State, votes no.
6. Deputy Miro Teixeira, PTB-Rio de Janeiro State, votes yes.
7. Deputy Jose Dirceu, Workers Party-Sao Paulo State, PT, votes yes.
8. Deputy Aecio de Borba, Democratic Social Party-Ceara State, PDS, votes yes.
9. Deputy Antonio Carlos Mendes Thame, Brazilian Social Democracy Party-Sao Paulo State, PSDB, votes yes.
10. Senator Pedro Simon, PMDB-Rio Grande do Sul State, votes yes.
11. Senator Antonio Mariz, PMDB-Paraiba State, votes yes.
12. Senator Iram Saraiva, Democratic Labor Party-Goias State, votes yes.
13. Senator Odacir Soares, Liberal Front Party-Rondonia State, PFL, votes no.
14. Senator Raimundo Lira, PFL-Paraiba State, votes yes.
15. Senator Mario Covas, PSDB-Sao Paulo State, votes yes.
16. Senator Valmir Campeolo, Brazilian Labor Party-Federal District, PTB, votes yes.
17. Senator Mauricio Correa, PDT-Federal District, votes yes.
18. Senator Ney Maranhao, National Reconstruction Party- Pernambuco State, votes no.
19. Senator Jose Paulo Bisol, Brazilian Socialist Party-Rio Grande do Sul State, votes yes.
20. Deputy Sergio Brito, Christian Democratic Party-Bahia State, votes yes.
21. Senator Amir Lando, PMDB-Rondonia State, votes yes.

The CPI report is thus approved by a 16-5 vote.

At 1906 GMT the session is suspended for five minutes to prepare the document on the vote for signing. Live coverage of the session ends at 1907 GMT.

Minister Talks With Congress on Governability

PY2608180092 Rio de Janeiro Rede Manchete Television in Portuguese 1600 GMT 26 Aug 92

[Text] Justice Minister Celio Borja this morning visited Chamber of Deputies President Ibsen Pinheiro and Congress President Senator Mauro Benevides. The minister asked for the leaders support to maintain the country's governability during the crisis.

First Celio Borja spoke with Chamber of Deputies President Ibsen Pinheiro. The deputy said that the note that ministers released yesterday had the sole purpose of proposing the idea of a normal government operation because the crisis does not impede ministries from maintaining their essential operations at normal levels. Pinheiro and Minister Celio Borja also discussed how fast the impeachment process could be moved in the Chamber of Deputies.

[Begin Pinheiro recording] If it was up to me I would set a deadline as soon as possible. But this is not the case. The process depends on what political parties do about the matter. [end recording]

During his meeting with Congress President Mauro Benevides, Minister Celio Borja denied that yesterday's note had isolated President Fernando Collor even more.

Borja also confirmed the importance of maintaining the functioning of the government.

[Begin Borja recording] This governability that legislators and administrators talk about supposes that Congress will continue to objectively analyze bills and proposals that the government submits for congressional consideration. [end recording]

'Solidarity' Seen in Communique

PY2608180892 Rio de Janeiro Rede Manchete Television in Portuguese 1640 GMT 26 Aug 92

[Interview with Presidential Spokesman Etevaldo Dias by reporter Liliane Cardoso at Planalto Palace in Brasilia—live]

[Excerpts] [Cardoso] Presidential Spokesman Etevaldo Dias has just announced an across-the-board increase for public servants. He is going to make the announcement now on TV Manchete.

[Dias] Effective in August [date not specified], public servants will receive a 20-percent across-the-board increase, plus a 30-percent bonus payment. These increases will total 56 percent [as heard]. This readjustment will be made through an additional payroll. [passage omitted]

[Cardoso] [Question indistinct]

[Dias] As I said earlier, the president will address the nation at the appropriate time. He is consulting with his advisers to determine the best time to address the nation.

[Cardoso] Justice Minister Celio Borja yesterday issued a communique in the name of the cabinet in an attempt to reassure the people and to ensure the country's governability [words indistinct] President Collor. How was this document received at Planalto Palace?

[Dias] It was received as a significant document to the extent that it has brought reassurance to the nation. There was widespread speculation in the press that several ministers were preparing to leave the government. Yesterday's communique has put an end to all that speculation. They will not leave their posts.

Furthermore, if you read the document you will see that it is a document of solidarity with the president and with his government program, which seeks to promote modernization and changes in the socioeconomic policy. It is a very important document for consolidating President Collor's government program.

Collor Not 'Isolated'

PY2708023592 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 26 Aug 92

[Text] While Science and Technology Secretary Helio Jaguaribe maintains that the cabinet should be changed after Congress votes on the impeachment request, Justice Minister Celio Borja today visited the Federal Supreme Court [STF] and Congress to explain why all the ministers and secretaries yesterday signed a note guaranteeing their remaining in government.

Following a half-hour meeting with STF Justice Sidney Sanches, Minister Borja went to Congress. There he talked with the presidents of the Senate, Senator Mauro Benevides, and of the Chamber of Deputies, Deputy Ibsen Pinheiro.

Wearing a necktie with the colors of the Brazilian flag, Minister Borja denied any institutional crisis, and said that the joint message released yesterday by ministers and secretaries of state does not mean that President Fernando Collor is isolated.

[Begin Borja recording] He is not isolated. He does have a public vocation. There is no need at all—given that the president is living through a difficult moment—to commit the injustice of supposing that he is not thinking of the country. [end recording]

Meanwhile, during an afternoon ceremony during which ministers and secretaries of state were decorated with the Order of Merit of the Armed Forces, several ministers and secretaries confirmed that it is necessary to transmit to the public an atmosphere of tranquillity.

Science and Technology Secretary Helio Jaguaribe, however, stated that the limit to his time remaining in government is until the impeachment request is voted on in the Chamber of Deputies. Jaguaribe thinks the whole cabinet should resign, even if the impeachment request is not approved in the Chamber of Deputies.

[Begin Jaguaribe recording] This cabinet should resign to allow the president to restructure the cabinet according to the political forces of the moment. Besides, if Congress determines that the president must leave, evidently the vice president, who will assume his post, must have the freedom to appoint a cabinet in keeping with his own ideas. [end recording]

Borja on Communique's Purpose

PY2708025992 Rio de Janeiro O GLOBO in Portuguese 26 Aug 92 p 3

[Text] Brasilia—After reading the joint communique of the ministers and secretaries of state, Justice Minister Celio Borja granted an interview at Planalto Palace. The following are the main parts of the interview:

[O GLOBO] What was the purpose of the communique?

[Borja] The need to give tranquillity to society.

[O GLOBO] Is it not an expression of solidarity with the president?

[Borja] It is a note in which the ministers say exactly why they are remaining in their posts: In service to the nation.

[O GLOBO] Up to what point is it possible to separate the political crisis from the administration of the

country, as the political crisis is contaminating the life of the people, even their business and business prospects?

[Borja] It is not contaminating it; it would if we were to allow it. What we are doing actually constitutes an effort to prevent contamination.

[O GLOBO] Does this mean that when the crisis is over, whether favorable to the government or not, the ministers are no longer committed...?

[Borja] My vision of the situation is that when that happens the political forces must be reorganized.

[O GLOBO] In the note you said that the ministers will continue working until this "episode," the political crisis, comes to an end. Would that be an indication that there is a term to your work?

[Borja] This means that there are sometimes normal breaks in the political life of a nation. There are times when the president has to make political decisions, even change his ministers if necessary.

[O GLOBO] Whatever the solution to the crisis, favorable to the president or not?

[Borja] It is very clear; that seems to me quite obvious. Once the crisis is resolved, whatever its outcome, there is a need to ensure the governability of the country, possibly leaving the president to his own free will. If another president takes over he certainly will have to do that. No one will create any problems for him.

[O GLOBO] But is that the will of the president, or would it be an attitude of the ministers?

[Borja] No. I believe, for example, that if the president needs to reorganize the political forces that support him, it is the duty of the ministers to submit their resignation.

[O GLOBO] And is this the case?

[Borja] Why should that be included in the note? What would be the meaning of including that in the note? This is what it means: As long as the political issue is not resolved in Congress or the Federal Supreme Court, the ministers remain in their posts. Once it is resolved, it is natural to have an overall reshuffle of the government posts.

[O GLOBO] Why natural?

[Borja] Because whoever is the president of the Republic, the chief of government or chief of state has the need to organize the political forces to get support for government policies. This also means that the ministers are not holding on to their posts. They are in their posts compelled by a feeling of duty to the country.

[O GLOBO] What did the president say about the note?

[Borja] I believe he approved it. His observations were aimed at pointing out repeated words that would jeopardize, let us say, the elegance of the note.

Sao Paulo Governor Favors Impeachment Request

PY2608210492 Rio de Janeiro Rede Manchete Television in Portuguese 1838 GMT 26 Aug 92

[Statement by Sao Paulo Governor Luiz Antonio Fleury Filho in Sao Paulo—live; broadcast in progress]

[Text] After making my statement, I will be at your disposal to answer any questions you may have.

Over the past few months I have carefully followed the work carried out by the CPI [Congressional Investigating Committee] installed to investigate charges of serious irregularities involving the federal government.

As a man of law and as a citizen who is committed to morality, decency, and honesty, I have always upheld respect for institutions.

In view of this, from the very start of the investigations I believed that I should await—as I have done—for the conclusions of the CPI investigations before expressing my personal position.

I resisted the pressure to become a temporary celebrity. I avoided being confused with opportunists, who in their search for the spotlight regrettably used their opinion on such serious events as a political springboard.

The principles of the law and of the Constitution, respect for institutions, and the fundamental values of the Brazilian people must prevail overwhelmingly over politics and over any other interest.

Therefore, without haste or any kind of prejudice, with peace of mind and convinced of my actions, I hereby formally express before the people of Sao Paulo my support for the request for impeachment of President Fernando Collor de Mello. [applause]

At the end of the CPI's work and of the approval of the its final report, in a calm and impartial manner, I strengthen my conviction and publicly express my position with the seriousness demanded by the current national situation.

The events which have taken place and which have been registered, involving the highest authority of the nation, are categorically unacceptable. The Brazilian people do not deserve such suffering.

The request for impeachment of the president is the only alternative that the men responsible for the life of our country have left. More than that, it is an imperative demanded by their own consciences.

We will now await the rapid development of the process, in compliance with the Constitution and the laws, and safeguarding his right to defend himself so that we will not cause any future damage to Brazil.

But the seriousness of the political situation cannot and must not paralyze Brazil.

Along with a balanced stance of the leadership at all levels, we must find solutions to structural, temporary, and socioeconomic problems.

We must and will safeguard the country's calmness and stability. To this purpose I am fully certain that Congress will in a mature manner draw up an agenda of priority issues to be debated. As an example I wish to mention fiscal reform, the modernization of ports, the awarding of bids for the exploitation of public services, the improvement of the public bidding system for the awarding of works, the industrial property law, and partisan and political reform.

From now on I will step up the talks I have started with all responsible authorities regarding the country's governability. I am certain that the political turmoil will not affect our economy nor bring anguish to our society. Quite the contrary, our country is not and will never be the same after this CPI report.

We are going to institutionalize the CPI's conclusions so as to prevent events such as the ones which have surfaced from ever taking place again.

The Brazilian people deserve greater respect from their leadership, regardless of their political leanings, and demand that their anguish become a hope and a tool with which to build a better future.

This is all I have to say. [applause]

Collor, Leaders, Ministers To View Crisis

PY2708150892 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 Aug 92

[Text] President Fernando Collor will meet the leaders of the parties that support the government in Congress and the ministers of the political area at Planalto Palace at about 0900 [1200 GMT] today. They will evaluate the current national situation now that the process for the investigation of charges has finished and an essentially political period will begin.

Presidential Press Secretary Etevaldo Dias made the following evaluation and comments:

[Begin recording] The period for questioning and accusations is over. We are now beginning a calmer process when the political game really begins. We, members of the administration, are certain that now we can better discuss and meditate on the current political situation. [end recording]

Etevaldo Dias asserted that President Collor is tranquil and optimistic.

Economic Area Reaction to CPI Work Viewed

PY2708151292 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 Aug 92

[Text] The financial market during the last few days has begun to show that investors have absorbed the impact of the facts being revealed by the Congressional Investigating Committee that looked into charges against businessman Paulo Cesar Farias. The volume of business on the stock markets has increased and the blue-chip shares again pushed indexes up. The Sao Paulo Stock Market, which had been showing 90 billion cruzeiros per day in trading, yesterday topped 400 billion cruzeiros.

The free market dollar rate has stabilized at 5,730 cruzeiros and the difference between the official dollar exchange rate, which is used for trade, and the free market rate decreased to 15 percent. Experts believe, however, that the market will continue unstable until the end of the first week in September. The savings pass books that will be processed today will pay 25.86 percent interest.

Economy Minister Endorses Parliamentary System

PY2708022292 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 26 Aug 92

[Report by Correspondent Alana Gandara from Rio de Janeiro]

[Text] In Rio de Janeiro, Economy Minister Marcilio Marques Moreira said today that the parliamentary system is the best system to ensure our country's governability.

Speaking to journalists at the Underwriters and Bankers Club [Clube de Seguradores e Banqueiros], where he received the support of about 30 entrepreneurial entities from Rio de Janeiro State and Brazil, Marcilio Marques Moreira said he believes the parliamentary system is the best political system for our country.

[Begin Marques Moreira recording] Obviously, it cannot be just any type of parliamentary system. It presupposes a profound electoral reform, a profound reform [words indistinct] an operational and effective system that will ensure governability. [end recording]

According to the minister, the communique distributed yesterday and signed by the entire ministerial team was not prompted by the CPI [Congressional Investigating Committee] investigating the PC [Paulo Cesar] Farias case, but was motivated by the current political situation.

The communique was meant to make clear that the country continues to be governed by a competent team that is concerned about the ethical values and the people's well being whatever the outcome of the crisis, which has its own course and which is already determined by the Constitution.

Marcilio Marques Moreira added that the crisis will not influence relations with foreign creditors, especially the IMF, with which he is scheduled to meet in Washington on 21 September.

Opposition Seeking 'Fast Solution' to Crisis

PY2708031492 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 26 Aug 92

[Text] Politicians from all political parties are discussing a fast solution for the political crisis. The opposition is uniting to form a new congressional bloc for the impeachment voting session.

From the extreme opposition to the most moderate, a single issue is being discussed: the impeachment request. From internal to large party meetings the process is being defined. The PMDB [Brazilian Democratic Movement Party] has already made a decision on the issue; therefore impeachment is the word of the day in all the opposition parties.

[Begin Deputy Jose Serra, Brazilian Social Democracy Party, PSDB, recording] Our bloc has 40 congressmen, all of whom are in favor of the impeachment process. [end recording]

[Begin Deputy Genebaldo Correa, Democratic Workers' Party, PDT, recording] I do not see, I have yet not identified in my bloc any disagreement about the subject. [end recording]

[Begin Paulo Delgado, Workers Party, PT, recording] It is necessary to expedite the debate and voting process in the Chamber of Deputies so as to reduce the anxiety and insecurity among the population regarding the decisions made here in Brasilia. [end recording]

Once the CPI [Congressional Investigation Committee] report is approved, the process begins to be evaluated. The opposition is not alone in this; it was joined by dissatisfied members from the PDS [Social Democratic Party], the PFL [Liberal Front Party], and the PTB [Brazilian Labor Party], which are parties that support the government.

Party controversies made no difference during today's meetings, and the main weapon of those who defend the impeachment process is to transform the process into a mobilization that surpasses the limits of the political parties.

[Begin PSDB President Tasso Jereissati recording] It is no longer a word used only by the opposition parties. Nearly all the political parties currently understand this, and they are discussing how to accelerate this process without further affecting Brazilian citizens. [end recording]

In defending the CPI report, PFL Senator Elcio Alvares requested that his party adopt a position regarding the issue.

[Begin Alvares recording] Our party congressmen must gather to democratically discuss the real position of our party, because we cannot oppose truth, we cannot oppose the Brazilian people. [applause] [end recording]

The PFL considers Alvares' position isolated. The PFL prefers to carry out a battle in the juridical field, and it is betting on gaps in the law to defeat the impeachment request.

Medeiros Urges 'Broad Moralization Campaign'

PY2608195992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Aug 92 p 5

[Excerpt] Rio de Janeiro—Labor Force President Luiz Antonio Medeiros yesterday said he will defend the impeachment [preceding word in English] of President Fernando Collor should the CPI [Congressional Investigating Committee] report confirm his involvement with businessman Paulo Cesar Farias. Medeiros released a note stating that there is need for a broad moralization campaign in the country, which will not be restricted to the PC [Paulo Cesar Farias] case alone, and challenged those who disputed the 1989 presidential elections to show their own bank accounts.

"We want a cleaning operation in the country. It would be cynical to punish PC alone," Medeiros said, challenging the defeated 1989 candidates to open their bank accounts "of the past four or five years, either voluntarily or through a CPI." The most influential politicians, such as Orestes Quercia, should also open their accounts. "After all, the campaign was not carried out on a flying donkey," he said. According to Medeiros, "the country at this moment must be cleaned up, and those who are found to be guilty must be punished."

He stressed the importance of congressional independence and sovereignty at this time, and along the same lines defended by Governor Leonel Brizola, who tried to tarnish PMDB [Brazilian Democratic Movement Party] President Orestes Quercia, he asked the congressmen to use, within the CPI on VASP [Sao Paulo Airline], the same energy they employed within the CPI on the PC case. "The investigation of VASP must be strengthened so that the people may know who the true owner of that company is," he added.

Medeiros said that the investigations must also affect the businessmen who contributed to the PC Farias scheme. "PC is only the distributor. There are those who supply the money. It is not only the corrupt who must be punished, but also the corruptors," he said. Medeiros feels that the country is experiencing a political crisis, and defends changes in economic policy which are simultaneous with the moralization campaign. "We want the approval of a law that will discipline the creation of political parties and the system of contributions for the campaign of candidates," he said. He also criticized the economic policy of Minister Marcilio Marques Moreira: "It is an economic policy that seeks to eliminate the worker. The economic policy needs to be changed, with or without Marques Moreira." Upon recalling that more than a million people are unemployed in Sao Paulo, Medeiros said that "the pace of opening the economy is killing Brazilian industries, among others the electronic industry." [passage omitted]

Rio Mayoral Candidates Favor Collor Impeachment

PY2708130092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Aug 92 Section 1 p 11

[Report by Aziz Filho from Rio de Janeiro]

[Text] None of the 11 candidates for the post of Rio de Janeiro mayor has yet defended President Collor. Even Albano Reis, a state deputy who is the PRN [National Reconstruction Party] candidate, has promised to support Collor's impeachment if the CPI [Congressional Investigating Committee] proves his involvement with PC [Paulo Cesar] Farias.

Federal Deputies Francisco Dornelles (PFL) [Liberal Front Party] and Joao Mendes (PTB) [Brazilian Labor Party], the mayoral candidates for the two leading progovernment parties, noted that they may vote for impeachment even if their respective parties order them to support Collor.

The harshest attacks against Collor have come from Tecio Lins e Silva, the candidate for the PST [Social Workers Party]. Although Rio de Janeiro Governor Leonel Brizola recently decided to move away from Collor, Lins e Silva continues to use a clip in which Brizola appears next to Collor saying: "If it were up to me, that CPI would not have been created.

The following federal deputies, who are all mayoral candidates, have already announced that they will go to Brasilia to vote for the impeachment as soon as the CPI report is ready: Cidinha Campos (PDT) [Democratic Labor Party], Cesar Maia (PMDB) [Brazilian Democratic Movement Party], Amaral Netto (PDS) [Democratic Social Party], Benedita da Silva (PT) [Workers Party], and Regina Gordilho (PRP) [Progressive Republican Party].

Candidates Sergio Cabral Filho (PSB) [Brazilian Social Democracy Party] and Homero Souza (PFS) [expansion unknown] have also stated that they are in favor of Collor's impeachment.

Bank Head Deems CPI Report 'Unconstitutional'

PY2608200692 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 26 Aug 92

[Text] Bank of Brazil Chairman Lafayette Coutinho has deemed Senator Amir Lando's report unconstitutional. He said that some of the businessmen who testified before the Congressional Investigating Committee had not been properly questioned by the congressmen.

Former Minister Predicts New Economic Package

PY2608212292 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Aug 92 p 3

[Article by correspondent Salete Silva]

[Text] For Federal Deputy Antonio Delfim Netto (PDS-SP) [Democratic Social Party-Sao Paulo State], a former economy and planning minister, everything indicates that the inflation rate will remain in the 20 to 22 percent bracket during the coming months and, in order to make an attempt to curb it, President Fernando Collor—if he remains in his post—will have to draw up another economic plan by October. Netto does not see a short-term solution to the Brazilian economy. During a lecture sponsored by the Sao Paulo Medicine Academy and held at the Portuguese Beneficence Hospital on 17 August, Delfim said: "We will continue slipping until 1994."

According to the former minister, a new economic shock would rather represent a palliative, fixing the inflation rate until the end of Collor's term. Netto predicted: "The president will puruse the same economic policy until October 1994, more or less, when new presidential elections will be held."

In his opinion the government should revise the recessive policy and take measures to encourage production. Delfim recalled that companies are operating at just 70 percent of their capacity. When Collor was installed, these companies were operating at 85 percent of their capacity—at least. In order to recover their production levels, Delfim said, the interest rates, which currently stand at about 30 percent per annum, should be reduced. Delfim said: "Only in this way would the economy function again."

According to Delfim the recession prompted by the current economic policy will not serve any purpose. In his opinion, however, the political issue represents the worst problem. Delfim said the proliferation of political parties makes difficult any negotiation in Congress. According to Delfim, Collor also made the presidential system impossible. In Delfim's opinion society should make an effort to approve the parliamentary system in the plebiscite, which should be advanced.

Minister on 'Mistake' in Administrative Reform

PY2608212792 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Aug 92 Section 1 p 11

[Text] After two and a half years, the government has discovered that it does not have an excessive number of public servants. Labor and Federal Administration Minister Joao Mellao said yesterday there was a "mistake" in the administrative reform implemented by former [Infrastructure] Minister Joao Santana, who placed 53,200 public servants on an availability status, collecting their full salaries to remain in their homes.

The discovery was made through research recently conducted by the Public Administration School. According to Mellao there is a lack of qualification and bad distribution of public servants. Therefore, Mellao wants to recycle and train about 100,000 public servants per year. A decree signed yesterday by President Fernando Collor de Mello allocates one percent of the payroll for the training and recycling of 100,000 public servants per year.

Yesterday Collor signed six decrees that comprise a new proposal for administrative modernization, a proposal that was drawn up by the Labor and Federal Administration Ministry.

Yesterday Federal Administration Secretary Luiz Antonio Ciocchi said the government decided to use two charts to implement the equal salaries system. According to Ciocchi, the initial idea of using just one chart represented extremely high increases—between 61 and 129 percent. By using the two charts, the largest increase will range between 80 and 85 percent.

Ciocchi said the announcement on the equal salaries system for public servants is behind schedule because there are details that have still not been resolved. There is also a discussion between the Labor and Economy Ministries on the availability of appropriations for the equal salaries system.

Chile

* Business Executives Evaluate Political Scene

92SM0555C Santiago HOY in Spanish 13-19 Jul 92 pp 18-20

[Unattributed report]

[Text] It was not easy to persuade executives of the three major Chilean business groups (Angelini, Luksic, and Matte) to publicize their political views two weeks after the municipal elections. In fact, given their tradition of reticence, it was hard to find anyone to talk to at the Angelini companies.

Advocates of public reserve ("among businessmen, deeds are better than words") and of erecting a clear barrier between politics and business, all of them finally agreed to be interviewed on two ironclad conditions: first, that their names and positions be kept secret, and second, that their words be considered background information, more personal opinions than corporate positions.

In spite of that, the conversations were long and pleasantly dispassionate, allowing us to chat about what is happening in the parties, discuss the various presidential candidates, or engage in that elegant and speculative game of analyzing possible scenarios.

The interviewees, who included a couple of people who have held politically significant positions, displayed a profound knowledge of what politicians are like. They expressed strategic-political views that are not highly developed but are extremely sound.

Considering that we were talking to executives who work at the heart of the country's three big business conglomerates, mentioned in a recent issue of FORBES magazine in its ranking of the world's multimillionaires, it was interesting to hear their opinions.

Here is a "briefing" containing the ideas most strongly and frequently expressed in these conversations:

- None of the executives was displeased with the election results, not only because of the resurgence of the right, catastrophic predictions notwithstanding, but also because it strengthened the balance between the opposition and the government, among center, right, and left. "No one has won hands down," and "It is good that no one shot ahead of the others," were typical comments reflecting the interviewees' attitude.

The high percentage of the vote won by the Christian Democratic Party (PDC), the right, and the Socialists is considered a symptom of moderation, a good atmosphere for maintaining the rules of the game in the economy.

The perception of long-term stability is very strong, and even the vote obtained by the Communist Party (PC) is not interpreted as a risk, although all of the executives expressed caution regarding the effects of this vote on the government. They do not think it likely that this electoral result will prompt La Moneda to raise taxes or change the labor plan, but that possibility is something to be feared. Those representing the Matte group emphasized that "the best social policy is development, not taxes."

- They are interested in finding out what the blank ballots mean. When the total number of blank ballots is added to those cast for the PC and the Center-Center Union (UCC), they become a very volatile factor that could shift the balance toward one or the other of the major alternatives for 1993. To varying degrees, the representatives of the three groups believe that these voters can change the congressional and presidential picture in 1993. Along these lines, the political incursion of the UCC is regarded as the most dangerous development, particularly in the Matte group. One of the executives stated, "I believe that until now it has been regarded as a problem of the right. But in fact, it is an issue for the whole country because it represents a strange mixture of politics and business." The executives of the Luksic group did not react so strongly, taking a slightly more distant attitude, although they did note "the danger of a businessman using populist language."
- Another view they share is that the constitutional reforms will not pass. They think this is good, because they consider it another sign of stability and consistency in the rules of play. All of the interviewees expressed opposition to the reforms in various ways, but they did not necessarily wield the same arguments that business organizations—the Industrial Development Association (Sofofa) and the Confederation of Production and Trade—have expressed in public. They are more in harmony with the arguments of Jose Antonio Guzman than with those of Hernan Briones.

"It is not that we want one electoral system or another, or one way or another of choosing the commanders in chief. The problem is that the reforms can alter the

checks and balances of the Constitution or weaken the insurance provided by the quorum. And that, in the long run (which is the time frame we use to plan), becomes a risk factor," was the reasoning of the Matte group. The Luksic group expressed similar sentiments.

- One issue that sparked very strong feelings was the distance between politicians (without exception) and the new problems facing Chilean society. Without necessarily joining in the criticism of politics expressed by other social sectors, all of the executives did note that there is a gap between the challenges facing the real country and those of politicians.

The executives of the Luksic group stressed that "we see no signs that politicians are concerned about the long-term fate of the country. They are very much involved in their own affairs, not in the ecology or in the new international relations, in which presidential or ambassadorial trips to Europe are not so important, or at least no more important than relations with Asian nations, education, or technology issues."

The same feeling was expressed by the Matte group, although they were a little more emphatic about focusing criticism on certain young leaders of the political right. They also noted that there are possibilities for leading some breakthroughs in development, but even the politicians seem unaware of them.

- What are these new issues that the politicians are missing? The three groups are just now drawing up the list, but all, without exception, mentioned these three: a shift in the orientation of our educational system, the establishment of a more consistent environmental policy, and a real plan for public works and infrastructure that will make better use of the major investment projects that are opening up in the country.

The importance they attribute to the environment is significant. They criticize the government on this account, beginning with the management of pollution in Santiago and including the fact that this variable has been incorporated into our strategy for international relations and the legislative efforts of the government.

- In various ways, the executives indicate that there is agreement with the government, but not complete satisfaction. "A lot of unfinished business," said those in the Luksic group, and the same idea was repeated by the other interviewees. The businessmen insist that more can and should be done on everything from the modernization of the justice system to the classic issue of continued privatization.

There is a generally held perception that both in its relations with the military and in international relations, the government is not making much progress. The executives would like to see bolder initiatives on public works and infrastructure, and at the same time, they want a more modern approach to education. "It is obvious that if we do not adapt our education to the times, we will have greater social problems," commented a member of the Matte group. The issue of teachers and changes in university education came up repeatedly in the conversations with the Luksic group, and one of the executives of the Angelini group said, by way of example, "The worker of the future must be computer literate."

Other criticisms of the government: railroads, the Northern Electricity Company (Edelnor), and the dockyard of the El Teniente refinery.

- Opinions of the Socialists and the Christian Democrats differ. The former are seen as very strong in the electoral and party arena, but very weak on ideas. "Name one person in the PDC who is thinking in terms of the long run," demanded one of the executives, and the same idea came up, albeit less starkly, in the other conversations. The businessmen seem to have a significantly more favorable view of the work of the Socialist ministers than of the work of their Christian Democratic colleagues, with the exception of Alejandro Foxley and Edgardo Boeninger, who are highly regarded and considered very efficient.
- They are extremely cautious in expressing views regarding the presidential candidates, but there is still a strong perception that Eduardo Frei has the best chances of becoming the next president. At any rate, doubts are beginning to arise concerning the presidential contender's qualities of political leadership. Aside from the electoral results, a few salient points are cited: his poor performance at the meeting of the Stock Exchange, his refusal to accept the invitation of the Center for Public Studies (CEP), and, curiously, his failure to attend the meeting between Gen. Pinochet and the senators. But the strongest impression has been left by his role in the Chilean Chemical and Mining Association (Soquimich) affair.

Foxley continues to generate enthusiasm, although it is acknowledged that he is having trouble reconciling two disparate spheres: his ministry and his political career.

Lagos has an excellent image, but he is not viewed as a man with great chances of becoming president. Everyone liked it when he bodily ejected the student who burst into his office, and they also liked his speech at the CEP. There are still doubts about his decision to carry his candidacy to the end: Most of those interviewed think he is probably maneuvering for bargaining power.

- In any event, the businessmen do not see any dramatic twists in the contest for power in 1993. They do not have an explicit idea, but rather an intuitive feeling that the most realistic scenario is that the Coalition will remain in office, with a more blurred distinction between it and the opposition.

The notion of "the votes that are up in the air," referring to voters who have abstained, was mentioned repeatedly. When added to those received by the two small parties, these votes could change the current situation in which the Coalition predominates.

One of the interviewees ventured to say that the most comfortable scenario for the next presidential term is still that of the Coalition governing with a strong rightist opposition. Not everyone shares that opinion, but several accept it as the most likely outcome. All of them note that they have a strong feeling that the right has great political capital but will probably not be able to make it pay dividends within the next year. The main reason (on which there was great unanimity) is that they are too obstreperous.

* Balance of Power Between PS, PPD Analyzed

92SM0555A Santiago HOY in Spanish 20-26 Jul 92 pp 14-16

[Report by Lucy Davila]

[Text] The shakeup in the municipal elections did not end with the settling of scores between the Party for Democracy (PPD) and the Socialist Party [PS] (which ended in a virtual stalemate) and the humbling experience this represents for the PPD. Two weeks later, it began paying a higher price. The end of dual membership began from the top, with the most visible and prominent member, Jose Antonio Viera-Gallo, president of the Chamber of Deputies. It will continue with a trickle of defections to the PS by other members of Congress, some of them prominent, and finally, by a few regional leaders.

Although many sought hidden signs of a political maneuver by the Socialists in government, apparently the Concepcion deputy's decision was motivated not only by tactical considerations, but also by a personal feeling that this was the end of the line. To be sure, no major earthquake appears to be on the horizon, but the manner in which this operation was carried out was not the best, the most elegant, or the most advisable for the postmunicipal period.

Viera-Gallo and several other deputies who held dual party membership had done so because they were hoping that the two parties would converge or merge. This vision was widely shared among Socialists and strongly resisted by orthodox PPD members.

Lagos Dilemma

The "Viera-Gallo Operation" does little or nothing to resolve the underlying issue of the presidential candidacy of Ricardo Lagos, which is one of the outcomes that seemed obvious to some last week. It is true that this development shook up the two parties that are pursuing this option, rarefying the atmosphere with veiled accusations and untimely self-criticism, and foreshadowed a more heated confrontation between the two groups. The settling of accounts will, however, lower the intensity, and everyone, PPD and PS members alike, should concentrate on resolving the primary issue.

Lagos's candidacy poses a dilemma in and of itself, and it will be difficult to resolve this situation in a way that benefits everyone. It will be impossible for him to be the only Coalition presidential candidate in 1993 because the Christian Democrats (DC) will never give him their blessing. If he runs anyway, with a view to entering into a pact in the second round of voting, the Coalition will, by definition, cease to exist, and it will be the Socialists, not the DC, who will take on that responsibility. That is the current "bottleneck."

But if Lagos is a preliminary candidate and finally yields to the DC, the PS-PPD combintation will have to pay a price in the future. Some of its followers will vote for the Allendist Leftist Democratic Movement (MIDA), irritated with yet another exhortation that they submit to unconditional demands by the DC. Another segment will surely opt to support the Coalition, but the Socialists will begin to see their political presence erode. The only thing bolstering their power is the presidential candidacy, but that will mean losing congressional and government posts and, worse yet, breaking up the present governing alliance, even if another one is put together just for electoral purposes in the second round of voting.

These are the thoughts the Socialists are wrestling with, regardless of which party they opt for. In the PPD, the idea of taking Lagos all the way to the finish line is more widely accepted, but not unanimously. Congressmen, for example, could oppose it if they think their reelection is threatened. Others know that the DC would not take long to brand them as "anticoalitionists."

There are several different positions in the PS. The clearest one advocates a mechanism—in the DC, at least—whereby the candidate for the Coalition would be chosen in a manner that allows everyone to have a say: a vote by the membership, a convention, or a collective decision by the party leaderships. If Lagos lost there, they say, he would do so in a proper democratic process. But having a candidate imposed by the DC is something they find intolerable.

Others believe that, even if this happens and Lagos loses instead of declining to run, the price will be high: The center left will have lost the instrument that would give it the biggest boost for growth. Especially if the next term of office is eight years.

What both parties will do now is insist that "the best candidate of the Coalition" is Lagos, and that this option is as legitimate as any other. In short, they will insist that Lagos is better than Frei. For that reason, Lagos should avoid championing himself the way he did last week and should save his rhetoric for October, when he is scheduled to resign from the Cabinet. Between then and January, the date the DC has chosen for the official announcement of its candidate, the current minister will be on his own.

PPD Smaller

The "wave" launched by Viera-Gallo is perhaps one of the strongest tremors the PPD has felt, comparable only, some say, to the time when Lagos lost his senate seat and

the party sank into the most absolute existential crisis. Those same people point out today that if the PPD was able to survive then, it is even more likely to do so now, given that it not only has a considerable electoral legitimacy, but it also knows what it lacks.

The problem is, the PPD's risky decision to survive at the cost of an absolute differentiation between it and the PS strongly unites a part of this party, but also deprives it—this is the process that began last week—of its socialist element, which is more organic, disciplined, and structured. At the same time, however, it set off a kind of flood of self-criticism within the orthodox segment of the PPD, a demand for proposals pointing in a single direction: lending the party a political consistency that it lacks today. In passing, this would do away with the personality struggles within the group that make it a good platform for launching individual careers but not for building a collective effort. That has been the biggest drag on the PPD since it decided to become a party. Now it will begin to weigh more heavily, although it is difficult to say whether this problem can be resolved adequately.

If this self-criticism was going to come anyway after the municipal elections—either because more votes were expected, because not enough national coordination was evident, or because there are doubts about the way the leadership waged the campaign—it would have been better to do it without this gradual leakage that will ultimately mean a final break from the PS.

One sector of the PPD (the one that must now consolidate itself) always wanted this separation from the PS so that there would no longer be any threat of a merger. But the shortsightedness of which they can be accused comes from the fact that, without the presence of the Socialists, their lack of a program becomes even more obvious. That is the essential debate going on in the PPD. It was proposed by a group of orthodox PPD militants, linked to the "Ninja Turtles," the day before Viera-Gallo's formal resignation. It was also proposed by Jorge Schaulsohn himself, who is running on a ticket with Sergio Bitar to serve on the directorate of that group. The directors' terms expire in September.

PS Negotiates Directorate

It remains to be seen whether the Renewal Socialists actually issued a "jungle cry" to their members in the PPD to strengthen that opinion in anticipation of the upcoming congress and the internal directorate elections. Viera-Gallo and the other deputies who will announce their departure from the PPD in the next few days were influenced by that. But the fact is that the way the PPD matter was dealt with was emphasized right after the municipal election results became known.

On Wednesday, 1 July, a night meeting was held at Congress, attended by dual-membership Congressmen Viera-Gallo and Jaime Gazmuri ("the Salmon"), Ministers Enrique Correa and Carlos Ominami, leaders Ricardo Nunez, Marcelo Schilling, Jose Miguel Insunza, and Ricardo Solari, and others. There they discussed Viera-Gallo's candidacy as a member of the PPD. Most of those present, with a few exceptions, questioned the viability of this operation because the party's current directorate had already stigmatized it as a "takeover" of the PPD by the PS. That could do nothing but sour relations between the two groups. As a result, it was decided to call a new meeting to put the issue before Ricardo Lagos.

That meeting was held on 8 July, and there, as everyone knows, the minister of education proposed that Viera-Gallo become first vice president of the PPD, on a list with Bitar as president and Schaulsohn as general secretary. The others in attendance took equivocal stances, except for Correa, Gazmuri, and Schilling, who maintained that he should run for president.

That was the moment that finally triggered Viera-Gallo's decision, plus the fact that it did not look at all likely that he would surpass Bitar within the PPD.

Given this state of affairs, the PS is now girding itself for its internal elections, which are set for November.

This is no small matter. Two factions are competing against each other: the so-called renewal faction and the Escalonists, who account for a significant percentage of the Central Committee and who, if each faction is counted separately, had a majority in the 1990 Congress.

The renewal faction has been gaining strength by dint of mass-production operations at which it has become quite adept. Today it includes the so-called "Nunists," the "Tercerists," and the "Arratists." In other words, the three groups that ran on two separate lists in 1990: the Lagos and Nunez list and the "blue helmet" list (Arratists and Tercerists). Today they say they will compete together. But their effort to defeat the Escalonists includes a new component: Clodomiro Almeyda. The latter's differences with Escalona's faction (even though they constitute the most hardline segment of the PS) have caused him to lend an ear to the renewal faction's ideas. Through Almeyda, they plan to add Senator Rolando Calderon and his internal forces to the same list. If that should occur, the Escalonists would see their present power diminish.

On this side, the candidate for the presidency of the PS is Deputy Camilo Escalona, who is running with Luis Maira.

Among the renewal candidates, the strongest ones are Ricardo Nunez and German Correa (Tercerist), running with representatives of the other factions: Viera-Gallo, Schilling, or Alvaro Briones; Jaime Perez de Arce or Solari; Martner or Jaime Estevez. Ominami's name is circulating, but he does not have much of a following, some Socialists say, although it is too early to rule him out.

The effort to recruit Almeyda and Calderon has not yet taken shape because there are disputes among the Renewal Socialists about whether Almeyda should be

given a place on the directorate, considering his reputation as an "orthodox" Socialist. In view of the Honecker case, "El Cloro" is far indeed from the reformist image the renewal faction wants to project to defeat the "new left." Some are looking for a senate seat for him, and others would just like to leave him out. And there is another sector, linked to the Arratists, that is seeking an internal "great accord" that would incorporate the Escalonists. All of these efforts will see some clearer results this week.

As far as the PS is concerned, there is nothing to explain after the decision on dual membership. Some regret having missed—once again—an opportunity to bring about a merger. But even more people believe that this idea is not dead and that there will be a more opportune moment to make it a reality.

* Electoral 'Success' of Communist Party Assessed

92SM0555B Santiago HOY in Spanish 13-19 Jul 92 pp 14-15

[Report by Nibaldo Fabrizio Mosciatti]

[Excerpts] "Communism is not dead," stated General Pinochet on Monday the 6th, with a hint of anger or unconscious self-reproach, because one is drawn by one's vocation [la vocacion tira]. And that 6.6 percent of the vote won by the Allendist Leftist Democratic Movement (MIDA) in the recent municipal elections appears to confirm his assertion: The Communist Party (PC) itself is delightedly savoring this joyful moment. Although far below the percentage it won before the military coup in 1973, this 6.6 percent is the expression of a large battalion of survivors. Survivors of the murderous persecution of the military regime and survivors of the worldwide crisis and disappearance of communism as an expression of power and, for now (in the twists and turns of fate), as a viable alternative for political leadership. But what are the political prospects that lie ahead for these cadres?

Analyses explaining these results have appeared everywhere, discussing whether they represent an ideological vote or a punishment of the Coalition government. Since no one really knows why a citizen votes the way he does, either answer could be right. The PC itself, through Gladys Marin, in this publication, has stated that the support it has obtained is due to the fact that "we represent a criticism of the current government and of the Coalition."

A criticism, to be sure, that is different from that of the rightist opposition, as the communist vote amounts to "a demand for compliance with the Coalition's program."

It is nothing new for the Chilean PC to be in the opposition; quite the contrary. Except for the three years of the Popular Unity government and that short summer before the betrayal—or assertion of authority, depending on your point of view—on the part of Gabriel Gonzalez Videla, the party's vocation has been to oppose the government in power.

The difference these days lies in the fact that the PC used to be a government option, an alternative formula that was working in several Eastern European countries. Today, not only has that formula been overwhelmingly discredited (as it already was in vast sectors of public opinion before 1985), but it is no longer considered an option. It is that simple. This distinction between now and the not-too-distant past is not an innocent one: The task of engaging in opposition with a debased proposal under one's arm can lead to mere contentiousness.

Perhaps this transition, like no other, leaves the door open (but just a crack) for contentiousness. It is interesting to see how the statements of Gladys Marin herself, and even those of Volodia Teitelboim, have taken on a tone of amiability, though not of support. Maybe this is because today the communists tell truths that others keep quiet, particularly in the ruling coalition. This is an asset that is unquantifiable, but rich in possibilities.

No one can measure precisely how much the PC can gain by not participating in that broad consensus encompassing the ruling parties, the Independent Democratic Union (UDI), and National Renewal. Someone has said that the transition gave the impression of a minuet danced in the salon of a Versailles-like palace, complete with wigs, snuff, bows and curtsies. And outside that room was the real country.

The 6.6 percent of the vote won by the communists may grow if they manage to voice the concerns of that supposed real country, especially assuming that it does not have the pleasure of dancing the minuet. The same goes for the 8 percent of the Center-Center Union (UCC). And they may be able to reap more than just the votes of those who abstained or cast void or blank ballots. A practical example can be seen in this anecdote: At the beginning of the coal crisis, the miners of Lota and Coronel conducted a march from their area to Concepcion. Socialist Deputy Juan Martinez was practically assaulted by the miners when he appeared before them, while Mario Palestro, who has in effect been expelled from the Socialist Party (PS) and is now in harmony with the PC in the MIDA, was welcomed by the miners as he accompanied them on their long march. Symptomatic.

Some are already predicting that the PC will devise a confrontational strategy, "with threats of protests, armed actions, violent takeovers, and other forms of agitation." These are unfounded assertions based on the notion that, with the great intellectual nucleus split off from the party, its only recourse now is action. In fact, one major setback for Chilean communism was its inability to launch a comprehensive debate on the legitimacy of the use of armed actions against the military regime, a policy advocated by them.

It is true that in the area of ideas, the PC can only resort to specific demands. Its overall proposal for eliminating

the general concepts of injustice, inequality, and oppression has been a proven failure. But even in that area, its offerings are intangible, or at least not very innovative and still characterized by words reaffirming a discredited orthodoxy. [passage omitted]

A new front of action, however, is opening up for the Chilean PC, and for the UCC, as well: local government. The newly elected city council members, most of them unknown, have dubious municipal administrative skills. Their fumbling may be a good trampoline for the contentiousness of these two groups. [passage omitted]

On the other hand, the electoral success of the Chilean PC tends to shore up the current leadership, which not only withstood the ideological storm of the last three years, but also managed to consolidate its power, in previous years, by culling opponents from the ranks. There is no reason to expect, then, that any serious threat of *aggiornamento* will come from that quarter, as a matter of identity. [passage omitted]

* Chilean-Israeli Aircraft Ventures Described

92SM0554A Santiago QUE PASA in Spanish 13 Jul 92 pp 21-22

[Article by Grace Gibson: "High-Flying Business"; first paragraph is editorial introduction]

[Text] Israel has a special place in the trip of General Vega and [Minister of Defense] Rojas. Chile has been silently turned into Israel's principal Latin American associate in the arms field.

It is not easy to establish contact all at once with people like Horacio Portuguez, Oscar Pinochet, or Jose Abayu. Currently as representatives of different Israeli arms companies, they have learned to move with a proper amount of subtlety and efficiency in dealing with the Chilean Army, Air Force, and Navy, so that business transactions undertaken between them and their affiliates will be successful.

And not in vain, since Israel began to see Chile as a good market in the 1970's. The business transactions between the two sides have not been limited solely to the purchase and sale of arms, but also have included a series of joint development projects. This has allowed Chilean defense industry—particularly Asmar [Naval Docks and Yards] and Enaer [National Aeronautical Enterprise]—to enter the difficult field of research and development of high-technology products.

Officially, one of these projects is the principal reason for the stopover in Israel of the trip begun last week by Patricio Rojas, minister of defense, and Gen. Ramon Vega, commander in chief of the Chilean Air Force. The trip also includes the United States, Spain, and Kuwait. The joint project with Israel involves the Tiger-3 program, which involves the further modernization of aircraft and armaments systems controls of the F-5 E/F jet. The prototype of this new, modernized aircraft, which will be used to train Chilean fighter pilots, has already been exhibited in Tel Aviv. Nevertheless, the most important aspect of this agreement is that, beginning in the second half of 1992, Enaer, working at El Bosque Air Base, will carry out the work of modernizing this type of aircraft.

The success of this defense industry relationship is specifically based on the broad range of possibilities that are opening up to Chile through the agreements it has reached with Israel. The relationships with companies based in Tel Aviv are not limited to the purchase of equipment. Rather, in addition, they make it possible for Chilean engineers to learn and bring back their knowledge to Chile. The objective sought, in addition to reducing costs and achieving a certain degree of independence, is also to change the concept of a defense industry that is focused only on the domestic market to begin to open itself up to other countries by exporting its products.

At the present time, it is significant that Chile's best associate in defense equipment is Israel. Among the evidence that supports this statement is the fact that representatives of the Israeli defense industries now live permanently in Santiago. This is the case with Johannan Rosser, office director of Israel Aircraft Industries (IAI), a holding company located in Providencia, where four people work. Horacio Portuguez, of Israel Military Industries (IMI), has the best contacts with the Chilean Army. Jose Abayu, owner of Sistemas Digitales [Digital Systems Company], has the best contacts with the Chilean Navy. Oscar Pinochet, owner of Emcor [expansion not given], has the best contacts with the Chilean Air Force.

One of the principal characteristics that the representatives of the various Israeli defense companies have in Chile is their prudence in handling their contacts. Unlike the British or North Americans, who work with great ostentation, the Jews avoid all publicity. Furthermore, they develop specific contacts with the countries where they wish to sell their products. For this reason they have different representatives for each country in Latin America.

The special relationships with Chile arose in the 1970's. Forced to establish contact with countries prepared to sell their arms by going behind the Kennedy amendment, Chile began to establish relationships with suppliers such as Singapore, South Korea, South Africa, and Israel. Nevertheless, the only country that could provide arms with an adequate level of technology was Israel. Then, and particularly at the end of the 1980's, the relationships were strengthened even further. First, because at the international level, the Chilean Armed Forces had succeeded in projecting a "professional" image, a title that few Third World countries have. For example, the Chilean Navy is considered a "Blue Water Force," in military jargon. That is, a high seas force, not merely composed of small ships. Secondly, because until now Chile has been one of the few Latin American countries that has paid all of its purchase commitments on time.

In the case of Argentina, for example, and despite the fact that there is a certain level of interchange, contacts with Israel have not been fruitful. Relationships between Argentina and Israel deteriorated, particularly after the Malvinas war, when certain commitments were not kept. Argentina acquired Skyhawk aircraft in Israel. However, the British succeeded in having the North Americans veto the purchase, even though Argentina had already paid an arm and a leg for them. As a result, trade relations between the two countries deteriorated substantially. Furthermore, during that same post-Malvinas war period some aircraft were sent to Tel Aviv for repair. However, they had to be returned because of further pressure from the British. Meanwhile, the Israelis do not have good contacts with Peru and Bolivia and only have friendly relations with Ecuador, although these relations are not comparable with the relations they have with Chile.

[Box, p 22]

Joint Projects

The following are some of the results that Chile has obtained, thanks to its special contacts with Israeli defense industries:

Chilean Air Force

In 1986, the Chilean National Aeronautical Enterprise (Enaer) undertook Project Pantera [Panther], which involved the modification of the Chilean Air Force's fleet of Mirage aircraft. On the basis of this project, and specifically in the field of electronic warfare and communications, the Israel Defense Industry (IDI) set up a mixed company with Enaer, called DTS (Technologies and Systems Development Limited). This is a private company that specializes in the area of electronics. At present, other projects are being developed, such as the modification of passenger aircraft for air-to-air refueling. Project Tiger-2 was also undertaken on a joint basis. This involved the modernization of F-5 E/F aircraft. Work is presently being done on Project Tiger-3, which involves the complete updating of work done under Tiger-2. The agreements with Israel are for purchase with offset possibilities for Chile.

Chilean Navy

In 1989, the Chileans bought the Barak system of anti-aircraft missiles, making Chile the first country in the world that dared to do this. The significance of this development was the fact that the Chilean Navy acquired the equipment at a very good price because the purchase was made when Israel had just developed this system. At present, successful operational trials have been made. Furthermore, Asmar is working with Israel on a joint basis on everything involved in electronics warfare (command, radars, etc.).

Chilean Army

One of the first results of the relationship with Israel was the acquisition of M-51 tanks in 1978. These are very similar to the Sherman tanks used by the Allies during World War II. However, the Chilean Army has also acquired high-technology products, as in 1989, when it bought the MAPATS [expansion not given] system. This missile is similar to the TOW missile system, which was used during the Gulf War. The difference is that, instead of being guided by a wire system, MAPATS is laser-guided. Finally, Israel is sufficiently interested in working on the Chilean Army's Rayo [Ray] rocket and on its fire control system in particular.

Among the advantages of the close contacts that Chile has succeeded in developing with Israel are the possibilities of opening up international markets. Aware that the defense industry cannot be limited to domestic production if it does not wish to run the risk of stagnating and dying, companies such as Enaer and, above all, Asmar, are trying with increasing intensity to get into the international market. This is particularly true now, when it is possible to compete with certain advantages, even in developed-country markets, such as Europe and the United States. At present, those industries have been reduced in size by the end of the Cold War. Many companies have even gone bankrupt or have been forced to adapt themselves to the new situation. This is the case with helicopter factories in Germany, France, Great Britain, and Italy, all of which had to join together to survive by setting up the Eurocopter Company. As a result, Third World countries can compete, thanks to their cheaper labor costs and because they are increasingly capable of developing high-level technology.

Furthermore, present relations with Israel are even reaching the level of acting together when selling their products in other markets. As it is almost impossible for Israel to enter countries with a large Muslim population, as is the case with some countries in the Middle East and Africa—which in fact have the greatest potential purchasing power at this time—ways are being studied for Chilean-Israeli private companies to enter these markets. If this new doorway opens up, there is no doubt that the relationships that have been developed at the defense-industry level will be further intensified.

Photo Caption

1. p. 21 (lower right): A Mirage fighter aircraft: The process of modernization of the Chilean prototype was the first important transaction between the Chilean Air Force and Israel.

Colombia

AD/M-19 Members Occupy Costa Rican Embassy

PA2608182092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 26 Aug 92

[Report by Adriana Villamarin]

[Text] We now have a last minute report: A few minutes ago several active members of the AD/M-19 [19 April

Movement Democratic Alliance] took over the installations of the Costa Rican Embassy in Santa Fe de Bogota. The AD/M-19 members are asking for an immediate solution to AD/M-19 Leader Marcos Chalita's legal status and a suspension of all legal proceedings against the AD/M-19 leadership regarding the Justice Palace case.

A few minutes ago 20 members of the AD/M-19 occupied the Costa Rican Embassy to demand the immediate release of Marcos Chalita and the suspension of proceedings against the AD/M-19 that were initiated after the Justice Palace incidents. The former guerrillas' demands include the creation of a negotiating commission composed of representatives of the Chamber of Deputies, delegates from the Defense and Government Ministries, and Costa Rican Nobel prize winner Oscar Arias. This is the second time the AD/M-19 has taken over an embassy to pressure the government into releasing its members. In contrast to their 1980 occupation of the Dominican Republic Embassy, no shots were fired. AD/M-19 Leader Otty Patino entered the building a short time ago to hold a dialogue with the occupants of the diplomatic mission.

[Begin Patino recording] We have just learned about it. There was a conversation between the ambassador and AD/M-19 Leader Antonio Navarro. I came here as part of a delegation just as Gustavo Petro, who must still be in Congress. He will probably arrive shortly. [end recording]

This is a last minute report from the Costa Rican Embassy.

AD/M-19 Leader Comments

PA2708042092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 26 Aug 92

[Report by Carlos Julio Betancur]

[Text] In a sudden move, the M-19 [19 April Movement] occupied the Costa Rican Embassy in the north of Santa Fe de Bogota. Although they have tried to present their demands since the beginning of the ordeal, the government has made no official statement.

Just like the old days, embassy occupations seem to be one of M- 19's favorite tactics to exert pressure and get the attention they need when they have demands to present. In 1980 they occupied the Dominican Republic Embassy; on 26 February 1992 they presented their demands from the Spanish Embassy; and on 26 August, 20 members of the M-19, carrying several newborn babies, occupied the Costa Rican Embassy at noon. Their main objectives are to secure the release of Marcos Chalita, who was arrested two months ago in Neiva, and of four other members of the group who were arrested in Sipaquira in June 1992. They also demand a definitive solution to the Justice Palace occupation case.

[Begin recording] [Costa Rican Ambassador Rodrigo Araya] I believe the reasons they have presented for coming here to demand political asylum are not within the parameters of what my government considers justification to grant such asylum. This is a problem for the Colombian Government.

[Gustavo Petro, M-19 representative] The 19 April Movement Democratic Alliance [AD/M-19] is not a movement without courage, nor has it been cornered. We lay down our weapons but we did so to defend the specific and true principles of democratic transformation in the country. If certain agreements are broken, we will respond accordingly. Obviously, we will not respond with our weapons and we are not going to go against the peace process. When faced with a trying situation, there comes a time when one must make a decision. This is what I understand the companeros here have done. [end recording]

The AD/M-19 spoke of the possibility of leaving the government. They believe that social spending has not been addressed appropriately, and that this is the reason for the social imbalance in the country. For Gustavo Petro, an AD/M-19 member of the Chamber of Representatives, this occupation has the full support of the movement's leadership. He said that the peace agreements signed with the guerrilla movements are broken constantly.

No Hostages Reported

PA2708013392 San Jose Radio Reloj in Spanish 0100 GMT 27 Aug 92

[Text] Rodrigo Araya, Costa Rican ambassador to Colombia, reported over the telephone that no Costa Rican diplomats have been taken hostage.

A group of 19 guerrillas, including several children, entered the Costa Rican Embassy in Santa Fe de Bogota peacefully and stayed there, demanding that the Colombian Government release one leader [words indistinct].

Ambassador Araya said the rest of the diplomatic personnel left the embassy, but that he will stay on instructions from the Foreign Ministry, although conditions are precarious because there is not enough room for all the people inside.

Report on Situation

PA2708024992 San Jose Radio Reloj in Spanish 0100 GMT 27 Aug 92

[Text] Santa Fe de Bogota—Rodrigo Araya, Costa Rican Ambassador in Santa Fe de Bogota, reported that the situation in the Costa Rican legation in Colombia, occupied on 26 August by about 20 members of the former M-19 [19 April Movement] guerrilla group, has not changed and could extend until 27 August.

The demonstrators entered the embassy at approximately 1500 GMT on 26 August to call attention to alleged threats to their lives, to protest the arrest of one of their leaders, and to demand compliance with promises made by the president to guerrillas who rejoined civilian life.

The government has taken the necessary steps to ensure the safety of the diplomats in the embassy who were taken hostage by a group of former M-19 guerrillas. The former guerrillas, who arrived at the embassy on the morning of 26 August, are demanding the freedom of a M-19 leader who was arrested by the Colombian authorities on charges of gunrunning.

According to reports in the hands of Costa Rican authorities, no incidents have occurred and the Colombian Government has taken charge of the case.

Government Admits Ties With Paramilitary Groups

PA2608135092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 25 Aug 92

[Text] For the first time a government security agency has admitted to direct ties between the military and illegal armed organizations. This comes from an investigation by the Attorney General's Office, which found two officers and one sub-officer accountable for the death of 20 peasants in Uraba, Antioquia.

There are, then, connections between the Colombian military and paramilitary groups. The Attorney General's Office found the first evidence of such contacts while investigating the 4 March 1988 massacres at La Negra and Honduras ranches, in Turbo, Antioquia. The discovery lead to the discharge of three soldiers, including an Army colonel.

[Begin recording] [Cesar Uribe Botero, the Armed Forces delegate prosecutor] This, at least, is a first step. We have found this case now and there could be other cases. This is what appears in the resolution in this specific case. [end recording]

The investigation says that several of those found responsible for the massacre, were seen with the military during several raids, and that they received classified information from the Army soldiers. Furthermore, the soldiers did nothing to prevent the massacre, despite being aware of what could happen. Though the Attorney General's Office was the first to address these murders, there is a previous judicial record on the case. There were arrest warrants issued by the court against the soldiers. The case, however, was transferred to the Army for trial. This pulled the carpet from under the capture. Despite the evidence and this first legal action, the military justice system has not yet handed down a ruling. This is the first case in which the Attorney General's Office has discovered a connection between the military and paramilitary organizations operating in Colombia, but it is not the only one. The Attorney General's office will disclose a complete report on the ties between government agencies and illegal organizations.

Peace Adviser Addresses Tolima Peace Forum

PA2608153792 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 25 Aug 92

[Text] A peace forum organized by the Tolima Department government was opened on 25 August in Ibague. Those who participated in the discussions were against holding regional peace talks, and they expressed skepticism about the possibility of attaining peace in Colombia in the near future. Presidential peace adviser Horacio Serpa Uribe opened the forum. During his speech on behalf of the government, Serpa Uribe expressed frustration, doubt, and pessimism about the Colombian peace process, which is moving on intermittently with the guerrillas.

[Begin Serpa Uribe recording] There is really no one with which to hold talks. As the government sees it, the guerrillas are not interested in resuming the talks and getting some benefit out of them. They may have other objectives, but those objectives are not the same as the government's, which are to benefit the peace process through understanding and coexistence. [end recording]

That is why the government wishes to call off all peace negotiations and try a strategy of agreement, which, according to Serpa Uribe, is the only solution to eradicate the guerrillas. The government has prohibited regional talks proposed by several regional officials. It views them as enormous obstacles to more specific negotiations that will benefit the country as a whole.

[Begin recording] [Unidentified reporter] Has the government stripped you of your authority?

[Tolima Department Governor Ramiro Lozano] To negotiate with armed groups, yes, it has. But I am abiding by the Constitution when I speak of participation by the people. When I say dialogue, I mean holding town meetings in every hamlet and town of Tolima. [end recording]

Ecuador

Finance Minister on New Economic Measures, Taxes

PA2608170792 Quito Voz de los Andes in Spanish 1130 GMT 26 Aug 92

[Text] Finance Minister Mario Rivadeneira at a news conference yesterday said for the time being, within the compensation measures being analyzed by the government, a salary increase is not being considered. The aim of the economic measures, he noted, is to avoid imposing significant sacrifices on the people. Rivadeneira said that the short-term economic measures will be hard, therefore, the cooperation of all sectors will be required.

The finance minister added that President Sixto Duran-Ballen's economic team decided to apply a tax on all businessmen based on their company assets. There is still talk in the business sectors of a 1-percent-per-1,000 tax on the total value of a company's assets. Rivadeneira said that this tax would be a one-time tax aimed at solving the fiscal deficit problem. The minister stated

that the fiscal deficit is approximately $600 million to $700 million. The exact amount has not been established yet as the sector accounts are being reviewed, however, the amount is not less, Rivadeneira noted.

The minister stressed that if the deficit is not reduced and inflation is not controlled, this would translate into submitting Ecuadoreans to unending impoverishment. In the central government sector alone there is a 567-billion-sucres deficit that has no financing, as on 10 August, the previous government raised the teachers salaries by 122 billion sucres. Up until now, this salary raise has no financing and the Finance Ministry authorities are looking for ways to meet the obligations assumed by the previous administration. One thing is the budget, and another is the available funds, the minister stressed, while he explained that the Value Added Tax [VAT] will not be increased. Rivadeneira said that on the short-term the contributions to the VAT will be increased and certain privileges—considered as tax evasion—will be eliminated. Rivadeneira stressed that the economic measures' end results would be felt a few months down the road. The government expects to collect more resources to reactivate the productive sector and reduce running expenses.

Labor Minister Comments on Economic Measures

PA2608153892 Quito Radio Quito in Spanish 2300 GMT 25 Aug 92

[Text] Minister of Labor and Human Resources Alfredo Corral said the minimum salary is unfair and insufficient because it does not fulfill the needs of the Ecuadoran family.

He said the government will work on fighting inflation.

[Begin recording] [Corral] It is necessary to carry out a profound analysis so that the salary increase really represents a benefit for the workers and not just a trick. The salary hikes would be totally useless to the workers if we do not fight inflation and the increasing cost of living.

[Unidentified reporter] Mr. Minister, you advocate fair salaries, but the government wants unfair salaries as proven by the fact that it will increase the price of gasoline, fuels, and electricity while freezing salaries.

[Corral] The economic and social measures to be adopted have not yet been defined. Therefore, at this time we cannot speak of increases in fuel prices or freezing of salaries. [end recording]

Paraguay

President's EC Visit, Accord Signing Delayed

PY2608215492 Asuncion ULTIMA HORA in Spanish 19 Aug 92 p 18

[Excerpt] Foreign Minister Alexis Frutos Vaesken has reported that President Andres Rodriguez will not travel to Brussels, Belgium, next month, where he was scheduled to address the European Economic Community. The minister explained that the visit will not take place because of commitments that were assumed before the president was invited to Brussels.

Frutos Vaesken said: "The president told me that it will be impossible for him to be in Brussels on that date, therefore we will take steps to postpone the meeting, so that Rodriguez may attend and thus fulfill his commitment."

"Consequently, the agreement that should have been signed with Spanish King Juan Carlos and with the Community will be postponed, but this does not mean that the signing of the agreement will be delayed too much," the minister added. [passage omitted]

Diaz de Vivar Campaigns as Presidential Nominee

PY2708143292 Asuncion NOTICIAS in Spanish 24 Aug 92 p 5

[By correspondent Fernando Gonzalez]

[Excerpt] Encarnacion—In front of more than 3,000 people, Senator Gustavo Diaz de Vivar launched his campaign here to become the Colorado Party's nominee for the presidency of the Republic, emphasizing that poverty, backwardness, and illiteracy are our country's true enemies.

Colorado Party followers from various internal trends of the party, who came from throughout Itapua Department, were called to attend the launching ceremony at the courtyard of the "Juan Leon Mallorquin" Colorado Party precinct.

Representatives from social sectors and trade union organizations linked to the production sectors, commerce, and industry were also present as observers. [passage omitted]

Armed Forces Announce Troops, Weapons Deployment

PY2608222892 Asuncion ABC COLOR in Spanish 25 Aug 92 p 11

[Text] The Armed Forces' Social Communications Department has reported that the Presidential Guard Regiment will deploy troops and weapons toward Paraguari on 26 August. The troops will perform real shooting exercises and special operations as part of the training program of that military unit.

This information has been released to the population in order to avoid rumors or unnecessary alarm, a spokesman for the Social Communications Department told ABC COLOR.

Peasants 'Pressed' To Join Communist Party

PY2708160092 Asuncion HOY in Spanish 25 Aug 92 p 20

[Excerpt] The peasants who went to Tavai-2 to install themselves in a rural property are being pressed at gunpoint to join the Self-Convened Communist Party [Partido Comunista Autoconvocado], which is led by Venancio Zeballos and Elvio Benitez. This was reported by Mrs. Maria Julia de Fernandez, the mother of nine children, who was among the peasants and who, according to the same report, was almost burned alive.

Mrs. Fernandez, her daughter Maria Lucia, and peasant leader Nemesio Cabrera, are now in Asuncion. She pointed out that she came from Tavai-2 to report to the police, the IBR [Agrarian Reform Institute], and Congress "the atrocities being committed by Venancio Zeballos and Elvio Benitez who claimed to be communists and who want everyone there to join the Self-Convened Communist Party."

Mrs. Fernandez described herself as "an old fighter for the peasants who do not own land." She said she joined Zeballos, who is her godfather, and Benitez until they radicalized their positions and began "to do their business and harass all those who do not share their beliefs." [passage omitted]

Peru

Country Considers Withdrawing From Andean Group

PA2608184792 Lima Global de Television Network in Spanish 0100 GMT 26 Aug 92

[Text] Peru is considering a temporary withdrawal from the Andean Group, it was learned on 25 August during a ministerial meeting of the subregion held at the Industry Ministry.

The urgent meeting of plenipotentiary ministers of the Andean Group member countries was held in private at Industry Minister Jorge Camet's office. The reason for this meeting, to which the press was not invited, is reportedly the temporary withdrawal of Peru from the Cartagena Accord.

Mauricio Pinto, Ecuadoran minister of industries, commerce, integration and fisheries; his Colombian counterpart, Juan Manuel Santos; Miguel Rodriguez Mendoza, president of the Venezuelan Foreign Trade Institute; and (Bernardo Inich), who represented Bolivia, participated in this important meeting.

[Begin recording] [Gonzalo Garland of the Exporters Association, ADEX] If Peru withdraws from the Andean Group, it cannot join the Common Market of the South [Mercosur], because Mercosur has established a waiting period of several years. Therefore, Peru would be practically isolated.

You ask me how the entrepreneurs feel. During the ADEX meeting, the entrepreneurs and the ADEX leaders unanimously said that Peru should stay in the Andean Group.

[Luis Vega M. of the National Association of Industries, SNI] If we definitely stay in the Andean Group, which is what we have recommended because integration is advisable, there must be equal conditions. In order to attain that, we must implement an external common tariff simultaneously in all countries. The same applies to differing the tariffs of products that are not made in the Andean Group.

In other words, this is a previous condition. Therefore, the subsidies or the conditions that favor the countries in foreign trade, which Peru does not have, must be eliminated.

The Andean Group should be considered an expansion of a market. In other words, it is not that we are exporting to another market, but rather that it is an expansion of the market. [end recording]

The possibility that Peru will withdraw from the Andean Group has been under discussion since May 1992. Agriculture Minister Absalon Vasquez on 26 May requested Peru's withdrawal from the Andean Group for two years because the preferential tariffs for import products, particularly the agricultural products of the other members of this organization, seriously affected the nation's agricultural sector.

During the Andean countries' meeting held in Quito on 17 June, Peru voted against the common external tariff. On that occasion Minister Bolona argued there could not be integration when two Andean Group member countries do not maintain diplomatic relations, specifically referring to Peru and Venezuela.

Peru's possible withdrawal from the Andean Group worries the SNI as well as ADEX. Both organizations feel the Andean Group is an important market for Peruvian exports. These doubts were supposedly settled when President Fujimori recently said during the Ecuadoran presidential inauguration that Peru does not have any plans to withdraw from the Andean Group.

Given the fact that the ministers of the Andean Group member countries met on 25 August in Lima, it can be concluded that on that occasion when the plenipotentiary ministers also met, they could not solve the problems of Andean integration.

Fujimori on Suspension

PA2708032092 Lima Global de Television Network in Spanish 0209 GMT 27 Aug 92

[Text] President Alberto Fujimori said on 26 August that Peru's decision to suspend its financial obligations to the Andean Group does not mean that Peru will withdraw from the organization and that this is only a temporary measure. He said that bilateral and multilateral trade

will not be affected and that negotiations have already started with Ecuador and Bolivia.

[Begin recording] [Fujimori] We have not said we are pulling out but that we will suspend our obligations temporarily. Of course, this decision was reached after consultations, not unilaterally. This is caused by the circumstances, the differences in the rates of stabilization of our respective economies. But bilateral and multilateral trade will not be affected. Quite the opposite is true. For instance, we have already initiated negotiations with Ecuador and Bolivia so that trade can be increased instead of decreased. This will be a transition period for the country and an adjustment period for all productive sectors. Agriculture, in particular, could enjoy a respite until December 1993 so it can adjust to the new competition.

[Unidentified reporter] Will this measure affect Peru's participation in the Common Market of the South?

[Fujimori] We are especially committed to the Andean Group. We have not pulled out from this group, but we are adjusting to special circumstances. The Andean Group is our natural ally.

[Reporter] [Words indistinct]

[Fujimori] Such aspects are still being debated. In truth, Peru's decision does not affect the integration process at all. [end recording]

Peru's decision to suspend temporarily its financial obligations with the Andean Group was made at the end of a private meeting of this subregional organization's plenipotentiary ministers. Miguel Rodriguez Mendoza, president of the Venezuelan Foreign Trade Institute; and Manuel Jose Cardenas, a member of the Cartagena Agreement's board, also spoke at the meeting.

President on Opposition Parties' Trip, Candidates

PA2708033692 Lima Global de Television Network in Spanish 0134 GMT 27 Aug 92

[Text] President Alberto Fujimori stated he will participate in the Democratic Constituent Congress elections, not personally or as a candidate, but by taking clear cut positions. He revealed that a new list of independent candidates is being drawn up and already has his support. The president made the statements during his visits to the San Martin garrison and the San Marcos University.

The president, accompanied by the transportation minister, presented heavy equipment to repair the country's highways to 11 Army Corps of Engineers battalions at the San Martin garrison. The equipment is valued at $18 million. President Fujimori said the equipment will allow the soldiers to repair highways faster. The equipment, which was financed by the Japanese Government, consisted of 44 trucks, 11 bulldozers, and 11 steamrollers.

[Begin Fujimori recording] We will buy 13 additional trucks with our own resources. The equipment we just gave the soldiers was obtained with a $18-million Japanese credit. We expect to send the Corps of Engineers approximately 45 additional trucks by the end of the year. Our roads will soon be in good condition and the results of our actions can already be seen. [end recording]

Once he left the San Martin garrison, President Fujimori went to the San Marcos University campus to check on repairs being made to the university stadium. The reconstruction of this facility is being financed with an $800,000 allotment from the Presidency Ministry. The president also visited the student dormitories to determine their needs.

[Begin recording] [First unidentified reporter] What is your opinion on the political opposition committee's recent trip to the OAS? The committee will meet with OAS Secretary General Joao Baena Soares to tell him what is really happening in Peru.

[Fujimori] I believe it is the method commonly used by parties to send their information and appraisals. We believe international organizations and foreign countries should get information, not only from us, but also from the opposition groups. As I said, this is the way information is sent. Naturally, the government will also send information and its position has been established clearly in the law decrees we have issued on the election process.

[Second unidentified reporter] [words indistinct]

[Fujimori] It is still too premature for this but there are several candidates.

[Third unidentified reporter] [words indistinct]

[Fujimori] No.

[Fourth unidentified reporter] [words indistinct] the official list, but will the Change 90 party have a candidate list or [words indistinct]?

[Fujimori] It will be a very strong candidate list and one that will compete with all the other groups. [end recording]

JNE Says 8 Parties Authorized for Elections

PA2608170892 Lima Global de Television Network in Spanish 0100 GMT 26 Aug 92

[Text] Eight [as heard] parties that are registered with the National Election Board [JNE] are authorized to participate in the elections that have been convoked and those that are about to be convoked, the JNE has announced.

Meanwhile, the modifications to the Electoral Law for the Democratic Constituent Congress [CCD] have already been implemented, providing proof that the government is open to observations by the opposition.

Just 48 hours after the decree law regulating the CCD elections had been announced, and following a lengthy session of the Council of Ministers held on 24 August, the government modified five articles of the decree law

and one complementary regulation. These modifications were adopted following criticisms made by the political parties who questioned the autonomy of the CCD and possible meddling by the Executive Branch. It also worthwhile to recall that on 28 August, the OAS will hold a special meeting to discuss the situation in Peru.

The modifications published in the 25 August edition of the official daily EL PERUANO in decree law No. 25686 are:

Article 4, Paragraph B: Candidates to be CCD representatives were required to be over 30 years of age. Now candidates must be over 21 years of age.

Article 26 previously proposed that the political groups who wanted to participate in the elections for CCD had to request registration before the JNE. Now only the new groups to be formed as well as the new independent alliances will be required to do so.

Article 27, Paragraph B: This article specified that the political parties in general should present a list of 100,000 signatures to support them. With the modifications, only the new groups or the ones that have not registered will be required to do so.

According to the JNE, the groups that do not require new registration are: Popular Action, Liberty Movement, Change 90, Mariateguist Unified Party, Popular Christian Party, Aprista Party of Peru, and Peruvian Communist Party.

Article 145: This article only has a small correction, inasmuch as one of the paragraphs adds that the bonus amount paid to each CCD representative cannot exceed 50 percent of the salary paid. The article used to read: as indicated, and not the amount.

Article 148: This is perhaps the most important article. There was a paragraph stating that the executive branch would be in charge of quickly preparing the text of a new constitution in the event the original text of the CCD version was rejected in two referendums. That paragraph has been eliminated from this article, thus the CCD is given full autonomy.

Finally, the fifth complementary regulation points out the elimination of the 30-day term given by the executive branch to the CCD for debating and approving legislative decrees that are submitted with a priority label.

Nicaragua's Ortega Cited on Helicopter Sale

PA2608221492 Lima Global de Television Network in Spanish 0100 GMT 26 Aug 92

[Text] The 22 Soviet-made helicopters that Nicaragua sold to Peru at an estimated value of $25 million are depreciated, former Nicaraguan President Daniel Ortega said on 25 August. According to Ortega, the Soviets did not sell these aircraft to Nicaragua but gave them as gifts. Mauricio Diaz, Nicaraguan ambassador to Peru, said on 25 August he had no official knowledge of his country selling Peru several military helicopters.

Venezuela

'Massive' Dismissals Denied, Budget Announced

PA2608154692 Caracas Venezolana de Television Network in Spanish 1600 GMT 25 Aug 92

[Text] Labor Minister Jesus Ruben Rodriguez has clarified for the people that there will be no massive dismissals. He said the actions are aimed at balancing and rationalizing the government's labor expenses, and 15,000 vacant posts will be frozen.

[Begin Rodriguez recording] The positions have been frozen and will be eliminated from the 1993 budget. That way we will not have to remove more people.

We also have cases—especially at large ministries such as the education, health, and transportation and communication ministries—of employees on early retirement. Approximately 6,000 government employees are in that category. Their situation must be changed as they are being paid without working, and in their place are [1-second break in transmission] who are also collecting wages. [end recording]

Ricardo Haussman, coordination and planning minister, has reported that the 1993 budget will be adjusted once more by Cordiplan [Coordination and Planning Ministry], the Finance Ministry, and Central Budget Office officials in order to comply with the president's instructions.

[Begin Haussman recording] The budget must be [2-second break in transmission] consistent with the austerity measures. We have to keep the president's commitments. We have to ensure quality improvement in education and health and secure the water and highway programs. We will prepare the budget based on those guidelines. The president also said there would be drastic public spending cuts next year, and we will reform the budget accordingly. [end recording]

Minister on Soldiers' Deaths, Austerity Measures

PA2608184892 Caracas Venezolana de Television Network in Spanish 0000 GMT 26 Aug 92

[Report by Milagros Rodriguez]

[Text] When asked about the death of two soldiers who died over the weekend of 22 August at Fort Tiuna, Defense Minister Ivan Jimenez Sanchez said an investigation has been ordered. He also stated that according to the unofficial information he has received, a soldier on guard duty at the fort accidentally fired his weapon and killed another soldier. Realizing that his comrade in arms had died on the spot, the first soldier committed suicide.

Reporters also asked the defense minister about President Carlos Andres Perez's announcement of cuts to the

program for purchasing new weapons and about how those cuts could affect the country's border security.

[Begin Jimenez recording] As a result of the analyses we have made of our development plans, we have established that we have enough weapons to protect the country's sovereignty. We are certain that the measures adopted by the president do not at all affect the Venezuelan Armed Forces' capabilities. [end recording]

The defense minister said that border posts are being reinforced, and patrols and other operations in those areas of the country are being increased.

Senate Rejects Impeachment Referendum; Comments

PA2608221392 Caracas Venezolana de Television Network in Spanish 1500 GMT 26 Aug 92

[Text] During its 25 August session, the Senate rejected a proposed impeachment referendum [referendum revocatorio] and approved an article creating the position of ombudsman. On 26 August, the Senate will continue debating the rest of articles.

A total of 54 constitutional amendments were approved after lengthy debates that required two sessions. One of the articles debated and approved creates the position of ombudsman, to which the Senate introduced some modifications to be completed by the special commission.

The Senate approved seven articles regulating popular consultation through referendum, allowing our democracy to become more participative. Although there was consensus for the approval of the consultative referenda, a controversy arose regarding a proposal for an impeachment referendum by the Movement Toward Socialism, MAS.

[Begin recording] [MAS Senator Adan Anez Batista] We believe that by approving an impeachment referendum our democracy would become open to the possibility of making necessary changes in times of crisis. This would give the people a real opportunity to participate more decisively in the country's future.

[Independent Senator Jose Marsicobetre] I agree with all the proposals concerning the referendum, in addition to the two proposals from Senator Anez Batista. I believe the people should have the right to elect and also remove any elected government official.

[Social Christian Party Senator Edgar Flores] We are willing to participate in all venues permitting popular participation. But we do not believe the impeachment referendum should be a sword of Damocles hanging over the actions of the president, governors, mayors, senators, or deputies. [end recording]

Rebels Want State of Emergency for Indians

PA2608150892 Paris AFP in Spanish 0922 GMT 26 Aug 92

[Text] Caracas, 26 Aug (AFP)—The soldiers who tried to rebel against President Carlos Andres Perez in February have demanded a state of emergency for Venezuelan Indians, states a copy of a document their relatives handed to AFP on 26 August.

The commanders and 47 other officers, who are detained because of the February rebellion, are members of the Bolivarian Revolutionary Movement (MBR), a clandestine group within the Army that has a nationalist and leftist orientation.

Headed by Lieutenant Colonel Hugo Chavez, MBR leaders propose the country remove Perez, establish a civic-military transition government, and elect a constituent assembly.

Meanwhile, President Perez rejects any possibility of resigning and the Congress in the past few months discussed general reforms to the 1961 Constitution which should face a referendum this year.

The MBR action plan contains a number of proposals the first being the establishment of a state of emergency for Venezuelan Indians.

In Venezuela there are some 25 ethnic Indian groups totaling 140,000 (1982 census), that is, less than 1 percent of the population. They live mainly in the south, southeastern, and extreme eastern areas, and northwestern area bordering Colombia.

"Venezuelan Indians, as the first settlers of this territory, must have full guarantees to exercise their basic human rights to land and ancestral territories, practice their native languages and culture, transmit them to their offspring, and perpetuate their existence amid historic and social transformations," the MBR states.

"To achieve those goals there must be a patriotic willingness to approve a state of emergency in clear and just terms and not along the lines of colonial and neocolonial concepts that have tried historically to disregard their language and culture and 'incorporate' them as a cultural minority," the MBR adds.

The rebellious soldiers also voice their support for bilingual intercultural education—started in the 70's in Venezuela—the preservation of the environment within in Indian areas, and demand recognition for "the ancestral rights and forms of self-government" of Indian peoples.

"This state of emergency should be incorporated into the Constitution," the tried officers said.

This emergency is not contemplated in an amended constitution drafted by the current Congress that only commits the state to the preservation of the environment in areas occupied by Indians.

After accusing the Venezuelan Government of denying rights to the Indians, the MBR officers urge "sensible Venezuelans and the international community to show active solidarity for the first Venezuelans and Americans in defense of their territories, languages, culture, and cosmogonic vision."

Finally, they point to the "need to deal with the 500th anniversary of the conquest of America in terms of independence and decolonization by strengthening the values of our Indian, Afro-American, Creole, and Euro-American peoples within a spirit of fraternity."